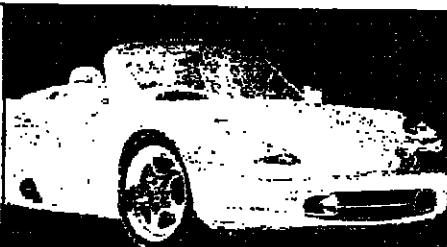


THE INDEPENDENT

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Revealed: the storms that swept Saturn



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Universities face huge cash review

Biggest inquiry for 30 years

JUDITH JUDD and DONALD MACINTYRE

Ministers are considering setting up the most far-reaching inquiry into higher education for more than 30 years. The move comes as university vice-chancellors hold an emergency meeting today to discuss whether to impose a £300 levy on new students.

The inquiry would ask fundamental questions about the expansion of universities and how to fund them. It would be conducted along the lines of the Robbins Committee, which led to a dramatic growth in student numbers and the building of new universities at the end of the 1960s.

So serious are the current funding problems that even Oxford and Cambridge have refused to rule out top-up tuition fees for students. If introduced, the top-up charges would be significantly higher than the £300 entrance fee the vice-chancellors are to consider at their meeting in London today.

In the Commons on Tuesday, John Major made clear his strong opposition to such fees and claimed that state funding of universities had increased by 23 per cent in real terms over the last five years.

The likelihood of a full scale, independent, Robbins-style inquiry, an option now being considered in Downing Street and at the Department for Education and Employment, could partially turn on the outcome of today's meeting of the vice-chancellors. A decision to impose entrance fees could make the establishment of such a committee a more urgent proposition.

With the proportion of 18-year-olds going into higher education now standing at nearly a third, politicians of all parties are searching for politically acceptable ways of reducing the £7bn of taxpayers' money spent on higher education, without electorally disastrous consequences.

The new inquiry would question whether further expansion is sensible, and if so, by how much, what the impact would be on already worrying levels of graduate employment, how the quality of higher education can be maintained and improved, and above all, how universities would be paid for in the next century.

Politically, student financing is the most controversial and sensitive issue such an inquiry would tackle. At present, grants are being phased out and stu-



dents take out loans to help pay for their living costs. Tuition is free, at present, and ministers are nervous that any proposal to introduce loans for tuition fees might alienate middle class voters.

A key political advantage in up an inquiry would be removing the burden from the Government from having to answer these dilemmas ahead of the general election.

Mrs Shephard has been conducting a review of higher education for more than a year, but Downing Street is unsatisfied with the results and a publication of even a consultative paper listing options for higher education reform has been delayed.

Before Christmas, the Government was forced to delay plans to partially privatise student loans, because the banks, who would have lent the money, refused to take part. However ministers have not abandoned hope of producing a privatised student loan scheme.

Next Wednesday, Eric Forth, the Minister for Higher Education, will speak at a conference to publicise a paper from a Tory manifesto group, which advocates privatisation. A decision by Oxford and Cambridge to charge fees would be highly controversial since wealth would clearly become one of the criteria for entry to the two most sought-after universities.

The fact that both have said previously that they would not charge top-up fees shows how the climate has changed since the Government's Budget announcement that it was cutting capital grants to universities by 50 per cent over three years.

Vice-chancellors are divided about the introduction of the £300 levy, with some arguing that universities should not penalise students because of their argument with the Government. The fee would be a one-off charge to students who did not qualify for full grants, and would raise between £40m and £50m per year.

If the 100-plus vice-chancellors who meet in London today fail to agree, some of the best-known universities might consider introducing their own fees.

A spokeswoman for Cambridge said: "In the past we have been formally opposed to top-up fees but this is a very difficult situation and we are keeping our options open."

Lionel (later Lord) Robbins, a professor at the London School of Economics, recommended that anyone capable of benefiting from university should go and that the proportion of students in higher education should rise from eight to 17 per cent. His committee on higher education sat from 1961-4.

Leading article, page 18

Cezanne arrives from Paris with hottest ticket in town



Record-breaker: Cézanne's 'Smoker' being hung at the Tate in London yesterday. The exhibition opens Wednesday

Photograph: Tony Buckingham

Entire rail network to be sold before election

CHRISTIAN WOLMAR Transport Correspondent

Ministers have ordered the rail franchising process to be speeded up so that the whole network can be privatised before the next election.

They have told Roger Salmon, the Franchising Director responsible for privatising passenger trains, to "review" his timetable with the aim of bringing forward the letting of remaining franchises, to ensure the whole process will be completed by next spring.

Selling off the franchises quickly will give the Tories a pre-election boost and pose problems for Labour if it wins the election. With Railtrack, the three main rail freight companies and the 13 large rail maintenance companies due to be sold this spring, little will be left in the public sector by next year.

apart from the Channel Tunnel freight service and some property. "It's a scorched earth policy", a Labour source said.

British Rail will be left as a shell with a role resembling the residuary bodies created after the abolition of the GLC and the metropolitan counties a decade ago. It cannot be abolished without new legislation as it is a statutory body.

So far only three of the 25 franchises have been let - South West Trains, Great Western and London, Tilbury & Southend. They are due to be handed over to their new private sector operators on Sunday.

Final bids must be submitted by 1 March for a further four, and the process has begun for another four, making 11 out of 25. Ministers have told Mr Salmon they want the remaining 14 offered to the private sector by autumn.

A rail industry source said: "They want this as the flagship of their privatisation policy." The remaining franchises are the least desirable, taking in the heavily loss-making rural network of Regional Railways.

There are complications about the structure of services in metropolitan areas where services are subsidised by local passenger transport executives controlled by Labour councils. Some in the rail industry doubt the sale can take place at breakneck speed, as the relationships between the PTEs and the franchising director have not been sorted out.

After a three-month delay the Government has appointed a new chairman for the rail watchdog, the Central Rail Users' Consultative Committee. David Bertram, 62, was formerly chairman of the Eastern England watchdog.

REBECCA FOWLER

The art world has dubbed it Cézanne fever. An exhibition of works by the French artist known as the "father of modern painting" has attracted the biggest ever advance ticket sales in Britain, which are moving at a rate of 1,500 a day.

A total of 24,000 tickets have already been sold for the exhibition at the Tate Gallery, which was hung yesterday. The artist, whose career began ignominiously when he failed his entrance exams to art school, has now outstripped even Picasso, the previous record holder, ten times over.

According to the Tate, interest in the exhibition is unprecedented. It has moved from Paris, where 642,000 tickets were sold. "It's been so talked about since it opened there, and it's bred so much excitement."

said Damien Whitmore, head of communications at the Tate.

"Cézanne is really coming into his own, it's so accessible and it's so beautiful. It also shows how interested people are in the visual arts."

The exhibition is also expected to attract a bumper trade in Cézanne merchandise, including jugs, pots, books, CD-Roms, bottles of wine - with labels that reproduce paintings by the artist - and tea towels.

Although he was one of the most influential painters of this century, and described by Matisse as a god, Cézanne enjoyed little success in his own, reclusive lifetime. John Golding, the artist and curator, said: "It's very poignant, and the other interesting thing is that he would have hated all these artists who were so influenced by him. He would have been appalled by Picasso."

Millionaire throws US election wide open

DAVID USBORNE Manchester, New Hampshire

The multi-millionaire political novice, Steve Forbes, threatened yesterday to re-write the script of the US presidential election by taking a comprehensive opinion poll lead in New Hampshire, scene of the crucial first primary later this month.

A new poll in the state showed the Republican Senate leader, Robert Dole, long considered the Republican favourite to challenge President Clinton in November, falling nine points behind Mr Forbes.

The poll, published by the *Boston Globe* and a Boston television station, gave Mr Forbes the support of 31 per cent of Republican voters and Mr Dole 22 per cent.

One poll last week showed Mr Forbes edging ahead but another showed Mr Dole still in the lead. Much may change before voting day on 20 February. But the *Boston Globe* poll provides new evidence that Mr Dole, 72, may suffer a devastating crash landing.

"Forbes maintains tremendous momentum. He continues to grow as the Dole campaign

basically collapses," said Gerry Chervinsky of KRC Communications Research, which conducted the survey. He warned, however, that support for Mr Forbes remained fragile and could quickly ebb away.

Mr Forbes, son of the flamboyant magazine publisher, Malcolm Forbes, has jammed the state's television stations with aggressive advertising, paid for from his own pocket and much of it targeted at Mr Dole.

His most vaunted proposal - to replace the entire US tax code with a single-rate flat tax of 17 per cent for all individu-

als and businesses - is losing some of its earlier support.

One potentially serious threat to Mr Forbes surfaced yesterday, with a report that the Federal Election Commission is questioning whether his campaign has taken thousands of dollars in illegal contributions from his publishing empire. Forbes Inc. Mr Forbes has contended that his effort has been funded entirely by his personal fortune.

But New Hampshire voters, beginning to focus on the election for the first time, are turning away from Senator Dole in

droves. They point to concern about his age - he would be the oldest first term President ever - and his lacklustre reply to Mr Clinton's State of the Union address last week.

Campaigning in New Hampshire in the last few days, Mr Dole has barely mentioned Mr Forbes. But questioned by reporters about his rival, he noted: "It's like a new restaurant opening and everyone rushes down to see what they're serving, but then they find that the gravy isn't that good."

Dole stumbles on, page 12 News analysis, page 17



Steve Forbes: 'Maintains tremendous momentum'

Senna's boss faces manslaughter charge

DERICK ALLSOP

Frank Williams and Patrick Head, the two senior officials of the Williams Formula One team, are expected to be charged in the next 10 days with manslaughter following the inquiry into the death of their driver, Ayrton Senna, at the San Marino Grand Prix 21 months ago.

The public prosecutor in Bologna is about to announce the conclusion of his investigation into the accidents which killed Senna, three-times world champion, and the Simtek

driver, Roland Ratzenberger. It is understood the prosecutor will ask for two-year jail sentences to be given to Williams and Head, but that a form of plea bargaining could result in no more than suspended sentences.

According to Italian sources, a number of "participants", including the director of the circuit at Imola, the Autodromo Enzo e Dino Ferrari, also face charges.

The case is due to be heard by one of Italy's lower courts and would probably not be scheduled until late next year.

However, since it is anticipated prosecution and defence lawyers would follow a widely used procedure within the Italian legal system and reach a mutually acceptable settlement, the likelihood is that the case will be in and out of court before the next San Marino Grand Prix, on 5 May.

The Italian sources say that Williams and Head have no previous convictions and that even in the event of a guilty verdict, there is no danger that they would be sent to jail.

Early reports from Italy claimed the inquiry would con-

clude that the steering of Senna's car broke while he was leading the race, leaving him powerless to prevent its crashing into a wall at the Tamborello curve. Williams has repeatedly refused to comment about the possibility of his facing charges.

Ratzenberger died during practice, 24 hours earlier, but it has already been stated that his accident was a consequence of his own mistake. Even so, officials of his team may have to answer charges because the car did not withstand the impact.

The drivers' deaths were the first in a Formula One race

meeting for 12 years and the death of Senna, in particular, stunned the sport.

Ever since that traumatic weekend Formula One leaders have waged a campaign for improved safety standards. New regulations have reduced cornering speeds and improved protection for drivers, and alterations have been made to circuits including Imola.

Only this week, Max Mosley, president of FIA, motorsport's governing body, revealed aviation-type black-boxes would be fitted to cars to give experts more data about accidents.

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IN BRIEF

Brittan blast over EMU
Sir Leon Brittan today attacks his former Cabinet colleagues for suggesting a European single currency might never happen.
Report, page 2
Interview, page 19

Horse racing accused
The horse racing industry funds research which results in the death of mountain ponies, a report claims.
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Brittan berates the EMU Jeremiahs

PATRICIA WYNN DAVIES
Political Correspondent

Sir Leon Brittan, vice-president of the European Commission, today makes a strong attack on former Cabinet colleagues for suggesting that a European single currency might be postponed or never happen.

Writing in today's *Independent* Sir Leon, a former Conservative Cabinet minister, firmly disputes predictions that the project will collapse — an

idea that Cabinet ministers have conspicuously invoked in an attempt to reassure Tory Euro-sceptics and restore a semblance of party unity.

Malcolm Rifkind, the Foreign Secretary, has been quick to seize on the suggestion of a growing gap between economic realities and the planned 1999 timetable for monetary union. John Major has also played down the prospect of the timetable being met.

Sir Leon in effect dubs them

"wishful thinkers". British industrialists and citizens were being told "we do not need to think about it any more, for the deadline and the terms are unravelling, just as the British always said they would," he says.

Yet most EU foreign ministers officially re-endorsed the plan to begin EMU on 1 January 1999, and according to the economic criteria in the Maastricht Treaty, at their meeting on Monday.

"It is consoling to be told that

you not need to answer a difficult question but it can be dangerous to duck out of it that way," he says. "Sound policy-making requires a much less self-serving view of what is really happening in Europe."

Sir Leon's warning will not only reassure increasingly exasperated pro-European Tories. It will also strike a chord with a number of senior Tory backbench Euro-sceptics who are far from convinced that EMU is unravelling and believe predictions

to that effect are dangerous. Kenneth Clarke, the strongly pro-European Chancellor, insisted in an interview earlier this week that nobody knew whether the currency would go ahead on 1 January 1999. He also slapped down suggestions from Cabinet colleagues that some states wanted to water down the economic criteria.

The contributions from Mr Clarke and Sir Leon stand in marked contrast to Mr Rifkind's strident remarks at a

Brussels press conference during Monday's meeting, when he said: "Each day almost, senior European statesmen, from France, from Germany, from other countries express doubt or uncertainty as to whether 1999 is a realistic target. I doubt if this can go on day after day, week after week, without some serious credibility problem."

Douglas Hurd, the former foreign secretary, has also called for a postponement of moves towards the currency, saying

that the present timetable could cause damage to the EU.

Sir Leon suggests some countries would welcome a short delay, but only because they wish to join at the outset rather than in a second wave.

"Yet even they are enacting bold economic reforms to show they mean to qualify for participation at the earliest possible date... Those reforms are in any case necessary for Europe to be competitive."

Sir Leon Brittan, page 19

Nurses to be offered 2% deal on pay

COLIN BROWN
BARRIE CLEMENT and
DONALD MACINTYRE

More than 450,000 nurses are to be offered a minimum national pay rise of up to 2 per cent, with topping up by local pay deals, it emerged last night.

The news came as the Prime Minister was told that there should be a "target" pay increase of 3.5 to 4 per cent for 1,800 senior civil servants, and senior education sources predicted a settlement little higher than inflation, of between 3.2 per cent and 3.4 per cent.

The Cabinet is due to approve the inflation-breaking increases next week, in spite of Treasury advisers that the figures proposed by the review bodies are higher than the Chancellor had hoped.

As the row over nurses' pay transferred to the chamber of the Commons, MPs' hopes of a significant salary rise were fuelled by a Cabinet decision to refer the issue to the Senior Salaries Review Board.

Tony Newton, Leader of the Commons, has opened negotiations with the Opposition over the precise timing and remit of a new inquiry into MPs' pay, pensions and allowances, which senior MPs expect to report before the general election.

Although an all-party Early Day Motion on MPs' pay sought reference to Lord Nolan's Committee, ministers were at pains to point out yesterday that unlike the Nolan committee, it is already within the remit of the SSRB to review MPs' and ministers' salaries.

Because the SSRB covers grades one to five in the civil service, the reference to it is bound to excite expectations that it could lift MPs into a new pay league by suggesting rises as high as £10,000 a year.

The pay rises for nurses are part of a series of wide-ranging

salary reviews for about 1.3 million public sector workers, including doctors, dentists, armed forces, senior civil servants and judges, which are due to be approved next week by the Cabinet.

Of all public servants, Whitehall mandarins will have the least idea of how the pay body's deliberations will affect them. From 1 April the top five grades will receive personal contracts and increases in remuneration will depend on promotion and performance.

The Senior Salaries Review Board has attached upper and lower limits to 11 new salary bands ordained by the Treasury and the Cabinet Office, but departments and free-standing public agencies will decide how many of their senior personnel will be in each band. They will also decide whether to apply all 11 bands.

Public sector workers were angered yesterday by the results of a study which showed that the pay rises enjoyed by NHS chief executives are running at twice the rate awarded to nurses.

The survey, by Incomes Data Services, revealed that while the total earnings of the senior administrators increased by 7.6 per cent in the year to last March, nursing staff saw their average total pay rise by just 3.2 per cent. Six chief executives received total increases in earnings of more than 20 per cent, with the highest, amounting to 29.3 per cent, at Grampian Healthcare.

The pay issue prompted angry exchanges in the Commons yesterday. Tony Blair challenged John Major during Prime Minister's Questions: "Why don't you spend the money, rather than on bureaucrats, administrators, company cars and pen-pushers, on nurses, doctors, patients and beds?"

Mr Major defended spending on NHS administration and accused the Opposition leader of asking "senseless" questions.

Peace process: Unionists reveal Major plans as republicans clash with RUC



A policeman grappling with a mourner during scuffles which forced the postponement of the funeral for a murdered republican activist in west Belfast yesterday. The violence erupted

as police tried to prevent the funeral being turned into a paramilitary display, writes David McKitterick. It began when at least six members of a republican colour party, wearing

black jenkins, berets and dark glasses, emerged from the home of the murdered man, Gino Gallagher, reputed chief of the Irish Liberation Army. RUC riot squads, which had

been drawn up near by, moved in before the coffin was brought out. A further confrontation may take place today when republicans gather again at Gallagher's home.

Twin Bills to break Ulster impasse

COLIN BROWN and
RUPERT CORNWELL

Ulster Unionist leaders last night said John Major will introduce two government Bills to create an elected body in Northern Ireland and a monitoring body to deal with IRA arms, if he can get cross-party agreement for the plans.

David Trimble, the Ulster Unionist leader, met the Prime Minister at Downing Street

and stepped up the pressure on Dublin to agree to an elected body to bring all the parties together.

He said the legislation would establish an international "verification" commission recommended by the Mitchell report to oversee the decommissioning of IRA weapons at the same time as talks got under way in the elected body.

The Irish Republic was still resisting the plans for the elected body, and holding out for all-party talks to start by the end of February as agreed by Mr Major in November.

And Gerry Adams, the Sinn Féin leader, said in Washington yesterday that his party would

not participate in any elections before all-party talks on Northern Ireland's future, which he insisted should begin "without preconditions".

The Secretary of State for Northern Ireland, Sir Patrick Mayhew, made it clear London believes the February deadline will be missed, and is pressing instead for agreement on the elected body to be reached by the end of the month.

"I think it would be very difficult to get the necessary legislation in time for the end of February but I very much hope that, as a result of the political track, within that time scale, agreement could be reached on the way ahead," Sir Patrick said.

Sir Patrick and Dick Spring, the Irish Foreign Minister, remained at odds over the plan for an elected body at a meeting in London yesterday.

The two ministers agreed to step up inter-party talks, and will meet again next Wednesday in Dublin.

Irish sources said: "They didn't make any progress, but they did agree to meet again and keep the process going."

Speaking after meetings with Irish-American Congressional leaders, Mr Adams attacked the elections proposed by Mr Mayhew as "turning democracy on its head. Elections have a part to play after the all-party talks, but not as a precondition."

Sinn Féin would have nothing to do with them as presented by Mr Mayhew.

The Sinn Féin leader was trying to persuade the United States to press Britain to drop the elections, and instead agree to begin the all-party discussions by the end of February.

"I see no reason why all-party talks cannot start by 28 February," he declared.

However, this time the White House seems less inclined to step in.

Anthony Lake, President Clinton's national security adviser, who also met Mr Adams yesterday, has indicated that the administration will go along with the election plan.

Major engages in 'quiet diplomacy'

Analysis

Hard hanging in is now going on behind the scenes between John Major and the party leaders over the plans for an elected body for Northern Ireland.

In spite of the initial hostility by the nationalist leaders including John Hume, leader of the Social Democratic and Labour Party, British ministers are confident they will be able to find "the broad agreement" for an elected body which the Mitchell report said would be needed if it was to work.

The broad outline for the elections is already emerging. The British government is adamant that the body will be short-lived with the task of appointing teams to carry out all-party negotiations on the future of Northern Ireland. Its aim is to get round the impasse to all-party talks over the IRA's refusal to begin disarmament.

The elections are likely to be based on the European Parliamentary boundary which covers the whole of Northern Ireland. That would enable the voters to choose from a long list of candidates by single transferable vote, and it would emphasise the purpose of the elected body was to deal with an all-Ireland problem. The Ulster Unionists insist only those who stand can join the negotiating teams.

The Irish Republic is holding out for all-party talks before elections take place, but is being dragged along into the process. The Unionists believe the SDLP will resist until the deadline for all-party talks at the end of February has passed.

Dublin remains suspicious of the Ulster Unionists. David Trimble has appeared to indicate that he would not engage in all-party talks, even after the

elections, unless the IRA began decommissioning first.

The British government is convinced that Mr Trimble will go along with parallel talks, while decommissioning is being tackled. John Bruton, the Irish Prime Minister, underlined Irish anxieties about the plan by urging Britain to stick to the report of the international body under former US senator George Mitchell. Sir Patrick Mayhew, Secretary of State for Northern Ireland, said that the plan would still meet the Mitchell proposals.

The problem still remains the IRA. The Mitchell Commission said it would not begin decommissioning before all-party talks, but the DUP believes it will not start to disarm until it is close to securing a united Ireland.

Colin Brown

Maxwell seeks ban on 'inside story' book

JOHN WILLCOCK

Kevin Maxwell's solicitors have applied to the Attorney General to have a new book about his father Robert Maxwell banned, on the grounds that he faces a further fraud trial.

Maxwell's *The Final Verdict* by Tom Bower was published last Friday and 13,000 copies have already been sent out to shops. The 478-page book includes what it describes as "the inside story of Kevin and Ian Maxwell's trial".

Mr Bower portrayed himself last night in a strongly worded

statement as a victim. He said: "Since this book is very carefully written to avoid prejudicing the trial I expect the court to protect me and the book since it does not intrude their [the Maxwells'] rights."

Kevin's solicitors, Peters & Peters, want the book withdrawn. Two weeks ago he was acquitted on two charges of conspiracy to defraud the Maxwell pension funds after an eight-month trial costing an estimated £25m.

Last Friday, the Serious Fraud Office astonished observers by declaring that it was

pressing ahead with three further charges of fraud against Kevin, as well as charges against former Maxwell employees Larry Trachtenberg, Michael Stoney and Albert Fuller.

Yesterday, Keith Oliver, of Peters & Peters, said: "We view the book with the utmost concern and we are making the strongest possible representations to the Attorney General. We are urging him to restrain its publication."

A spokesman for the Attorney General's office said last night: "We have received representations from Kevin

Maxwell's solicitors and we are giving them careful consideration."

Mr Bower said last night that he would resist the request for a ban on the following grounds that "Kevin Maxwell has spoken quite openly to the press. There has been an enormous amount of coverage in the newspapers and on TV."

He went on: "Most important of all, we believe that the book is not a contempt of court. We believe Section 2 of the Contempt of Court Act will show that the book in no way prejudices the trial."

IN BRIEF

Law on sex tourism to be reviewed

The law preventing British courts from dealing with paedophiles who attack children abroad is to be reviewed because of concern over the sex-tourism industry.

News of the review comes on the eve of the Second Reading of a Bill to tackle sex-tour operators. Michael Howard, the Home Secretary, was under pressure to act after 10 other Western countries, including Australia, Germany and the United States, changed their laws in response to concerns about child prostitution.

But yesterday David Maclean, the Home Office minister, called on countries with such problems to do more for themselves. "They must put the protection of their children above the lure of dirty tourist money they receive from the sale of children's bodies," he said.

Computer fraud

Two men who orchestrated Britain's largest-ever computer leasing fraud and then had bail set at a record £10m each, were sentenced at Southwark Crown Court. Leonard Bartlett, 49, chairman of the ICS Group, and finance director, Ian Mackintosh, 40, were jailed for five and three-and-a-half years respectively. At least £1m was lost.

Murder charge

Police hunting the killer of Vikki Thompson, 30, who died a week after being attacked as she walked her dog near her home at Ascott-under-Wychwood, Oxfordshire, last August, have charged a man, 21, with her murder. He will appear at Witney magistrates' court today.

IRA appeal fails

Felim O'Hadhmail, an IRA member who was jailed for 25 years in 1994, lost a High Court appeal against his conviction. He claimed the jury was pressured into convicting him on a conspiracy charge instead of one of possessing explosives.

Double stabbing

Detectives investigating the killing of Evelyn Oxbury, 61, and her daughter, Lynn, 30, who were found stabbed to death outside their home in Boroughbridge, North Yorkshire, on Wednesday applied to magistrates to keep a suspect, 48, longer in custody.

£1bn lottery grants

The amount of National Lottery money paid out to projects across the United Kingdom tops £1bn today with an award of £2m for a renovation project in Northern Ireland.

Loud return for Fluff

The veteran disc jockey Alan "Fluff" Freeman, 68, is returning to rock music after 10 years. Freeman — whose catchphrase is "not art" — is to present a new classic rock show on Virgin Radio from next month. And he will be playing it loud because he says years of rock monsters such as Deep Purple and Led Zeppelin have left him deaf.

Probation officers

Michael Howard, the Home Secretary, has been accused of acting unlawfully when he scrapped qualifications for probation officers. High Court judges will rule at a later date.

Correction

The National Heritage Memorial Fund has asked us to point out that it was not the fund but the Arts Council that made a grant of £5m to the Royal Opera House.

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Village in mourning after fire kills three

Part-timers perish after wrongly thinking child was still trapped

TONY HEATH

A South Wales valley was in mourning last night after two part-time fire fighters and a five-year-old boy died in a blaze at a house in Blaenau Gwent.

Kevin Lane and Stephen Griffin lost their lives after going back into the terraced house in Zephaniah Way, wrongly believing that another child was trapped in the inferno.

Fire crews had been called to tackle a blaze at the house early yesterday morning and the two fire fighters had forced their way through choking fumes to carry the boy out.

They went back inside after being wrongly told that a second child was trapped upstairs. They were on the landing of the two-storey council house when a massive explosion threw them to the ground floor.

The men, who both lived in the village, suffered severe burns and were pronounced dead at the scene.

Mr Lane, 32, was a factory worker and Mr Griffin, 42, was a chef at Blaenau Hospital.

Daniel Harford, whom the crew had pulled from the blaze, died from smoke inhalation on the way to hospital in Aber-gavenny.

His mother Catherine Harford, 24, and his three-year-old

brother, Joshua, escaped unhurt.

The volunteer fire fighters were yesterday praised for their bravery by Jerry Glossop, Gwent's chief fire officer.

"Tragically, there was no one else in the house but these two colleagues did not think for one minute of their own safety before doing their duty and going back into the building," he said.

"Firemen everywhere will understand why they went back inside and they will be very distressed by this tragedy."

Last night relatives were comforting the men's families. Mr Griffin, a retained fireman for five years, leaves a widow, a daughter aged 17, and a 20-year-old son.

Mr Lane, who had volunteered for duty because of staff shortages, leaves a partner, a 10-year-old son and a stepson, 20. His brother-in-law, David Bishop, said: "Kevin was absolutely devoted to the job and never considered how dangerous it can be."

Residents in Zephaniah Way also praised the bravery of the fire fighters, who are being considered for bravery awards.

Wayne Warren, 42, said of the men: "They were so brave to go in the house. It was like an inferno. But they risked everything—I've never seen courage like that."

Other residents described how flames and thick black smoke had already engulfed the building when the fire fighters arrived. Seventy-two-year-old Iris Lane saw one of the fire fighters desperately trying to revive Daniel on a blanket in the garden. "The house was all gushing smoke and sparks. It was terrifying," she said.

Another neighbour, Rob Edwards, in pyjamas, tried to get into the house earlier but was forced back by heat and smoke.

"I heard Catherine screaming 'Daniel, Daniel, he's in there, please get him out.' Catherine was standing in the garden and was blackened from head to foot," he said.

A spokesman for Blaenau Gwent Borough Council said last night that all the authority's houses were fitted with smoke alarms. Tenants were contacted regularly to remind them to check that the alarms were in working order.

Flags at the council's offices were flown at half mast and will stay lowered until the victims' funerals. Bernard Assinder, who represents Blaenau on the council, said that the tragedy was reverberating throughout the area.

"We are such a close-knit community—virtually everyone knows those involved. People do not always appreciate the debt we owe to those who man the emergency services. Those who died today exemplified that debt."

Shopkeepers yesterday opened a collection to aid the victims' families as investigations began into the cause of the tragedy.

Meanwhile, Blaenau fire colleagues remained on duty last night ready to respond to emergencies.

Station Officer Chris Brown said: "If there is a call-out we will go as always. Everyone here is dedicated to the job and that is what we do."



Died: Daniel Harford



Died: Kevin Lane



Died: Stephen Griffin

Star-gazers track storms that scar Saturn



Out of this world: A Hubble Space Telescope image of Saturn showing a white spot near the equator—a massive storm cloud wider than Earth itself Photograph: Science Photo Library

TOM WILKIE
Science Editor

Storms on the planet Saturn, whipping up winds of nearly 600 miles an hour, have been seen by an international team of astronomers.

Previously, observers of the ringed planet had thought that such storms were rare. Only five large-scale disturbances have been seen over the past century—with those in 1933 and 1990 resulting in Great White Spots near the planet's equator.

But in an impressive display of international scientific co-operation, five Earth-bound telescopes in four countries—together with the Hubble Space Telescope—have been trained on Saturn over the past couple of years. In today's issue of *Science* magazine, the astronomers report that Saturn may be a

much stormier place than had been believed.

Fly-bys of the planet by the Pioneer and Voyager satellites more than 15 years ago had revealed some activity but the general presumption was of a quiescent system. The research published today shows that Saturn's atmosphere is more turbulent than first thought, and that sources of heat internal to the planet may be more active

than astronomers had believed.

Most of the observations were taken with a French telescope specifically dedicated to studying the planets, at the Pic-du-Midi Observatory in the Pyrenees. But the project also involved optical telescopes in Florida, Japan, Spain, a NASA infrared telescope, and the orbiting Hubble Space Telescope.

Between July and December 1994, the astronomers tracked a large storm consisting of a cloud pattern of small and large white spots. The succession of white spots—one measuring 27,000km by 12,000km—raced across the planet's northern hemisphere at about 274 metres per second. A small white spot, was followed closely by the main storm but had in its train "an elongated dark feature" which was in its turn followed by a smaller white spot.

"According to our images, the 1994 event does not fit into the classical Great White Spot cloud pattern. The spot was still visible, albeit much smaller, 11 months later in May 1995. The persistence of the white spot against wind shear (which will destroy cloud patterns in a few days) was unique," the astronomers write, "suggesting the white spot was a coherent, dynamically stable structure."

Ponies 'die in scientific research' for race horses

GREG WOOD
Racing Reporter

The horse racing industry regularly funds scientific research which results in the death and suffering of Welsh mountain ponies, animal rights protesters will allege in a report to be published next week.

Animal Aid, citing scientific reports in veterinary journals, will argue that live horses, usually ponies bred for research purposes, were used in experiments to develop vaccines against equine influenza and equine herpes virus. The ponies are also used to study the effects of exercise on surgically-induced injuries.

Among the contributors who fund the experiments are Sheikh Mohammed bin Rashid al Maktoum, the world's leading racehorse owner, and the Horserace Betting Levy Board, which administers the £50m raised each year from tax on bets placed in betting shops.

Andrew Tyler, Animal Aid's director, has written to Sheikh Maktoum asking him if he is "fully aware that funds provided by yourself would be used to cause the unnecessary deaths of horses".

A statement issued yesterday by the Sheikh's Dalham Hall Stud in Newmarket said: "Sheikh Mohammed has made donations to a number of research projects and is satisfied that their aim has been to improve the health and welfare of the entire equine species."

Sheikh Maktoum is an honorary vice-president of the Animal Health Trust in Newmarket where several of the studies were carried out. His financial assistance is acknowledged by the authors of a report into the progress of equine herpes virus-1 (EHV-1) in the respiratory tract of ponies.



Mohammed Maktoum leading his Derby winner Lammtarra

Twelve ponies and two seven-month-old foals were infected with the virus and killed between 12 hours and 13 days later to recover tissue samples.

The Animal Health Trust denies it is responsible for "unnecessary" deaths, as Animal Aid claims. "Since 1994 we've had an ethics committee which includes a JP and a member of the RSPCA and any work we want to do will be put in front of them," Phil Spiby, the AHT's

spokesman, said yesterday. "Wherever possible we will use alternative methods such as cell cultures, or look at the broader picture through epidemiology. At present, there are no terminal studies taking place."

Many of the experiments are designed to develop or refine vaccines for strains of EHV and equine flu, both potentially fatal diseases in horses. Equine flu regularly appears in new forms which render previous vaccines

useless. As a result the development of vaccines, the use of which is mandatory in British racing stables, is an ongoing process. The final test for any new treatment is a "challenge" study, in which vaccinated horses are exposed to the virus in question.

While some of the experiments carried out on healthy horses for the benefit of the industry may be justified on medical grounds, studies into problems of purely economic concern are a particular embarrassment, not least because the Levy Board does not allocate any of its substantial budget for the welfare of retired racehorses.

Tendon injuries are a frequent source of expense and frustration throughout the industry, often ending a horse's career or forcing it to spend a year recovering. In a study at Bristol University, funded by the Levy Board, to investigate the effects of exercise on healing, injuries were surgically introduced into the limbs of healthy ponies, which were killed for tissue analysis 11 weeks later.

"Diseases like equine flu can be very serious in an unvaccinated population," Mr Spiby said. "Two years ago there was an outbreak in China which killed 50,000 horses. That could never happen in Britain because of the number of vaccinated horses."

Some trainers, however, dispute the value of the vaccines. Josh Gifford, who trained Aldaniti, the 1981 Grand National winner, is a long-standing critic of the policy of mandatory vaccination.

"It's an absolute waste of time," he says. "The horses still have flu, but it crushes it and it sticks inside them. They look well but you've got to do blood tests and scope them to see if there's any muck down there."

Interpol inquiry as wine kills British tourist

STEVE BOGGAN and
VERONICA CLARK

Interpol is investigating the death of a British woman who collapsed in Cairo after drinking wine thought to have been laced with methylylated spirits.

Holidaymakers were yesterday warned to avoid cheap Egyptian bottles in what could turn out to be the most serious drinks scare since 1986, when 23 Italians died after drinking adulterated wine.

Charlotte Common, 55, died on 9 January, almost a week after being airlifted to Newcastle's Freeman hospital on a life support machine.

Mrs Common, from Sunderland, had been on holiday with two female companions over Christmas and New Year. The last time she contacted her family by phone, she said: "I've bought some wine for my friends, but they won't drink it."

After taking a few glasses, she became ill, collapsed and was taken to hospital in Cairo, but she never regained consciousness.

A post-mortem examination revealed that she had died from methanol poisoning, the same cause of death attributed to the Italian victims after methyl alcohol was added to a wine-like drink to make it alcoholic without the fermentation process.

"A very small amount of methanol is naturally present in wine, but nowhere near enough to do anyone any harm," said David Wrigley, head of education for the Wine and Spirits Education Trust.

"I am afraid the precedent for what seems to have happened is the scandal in Italy in the 1980s."

"For some unscrupulous people, it is cheaper to add methanol than to go through the process of crushing and fermenting grapes."

The main reason for doing this is to push prices down, so for the time being I would advise people visiting Egypt to avoid suspiciously cheap wine. It would be sensible to read up on the local wine to find out which vineyards are reputable and then stick to those."

Mrs Common's sons, Gregg, Stephen and Michael, are awaiting the results of the Interpol inquiry.

"Someone, somewhere, is responsible for my mother's death," said Gregg, 34. "We must find out what happened there."

"We don't want to take a law suit out against anyone, we just need to know the truth."

"Other tourists travelling to Egypt should know they too may be risking their lives drinking the local wine. It has been a nightmare for our family—we don't want anyone else to go through this."

Police in Northumbria said they had contacted Interpol and the British Embassy in Cairo but they did not know whether a supermarket owner who sold the wine to Mrs Common had been questioned.

There was no word, either, on whether the wine was part of a batch or whether that batch had been tested and destroyed.

The Foreign Office said it had not been asked to make approaches for help from the Egyptian government. A spokesman said that he had no advice for British holidaymakers.

No one was available for comment at the Egyptian Embassy yesterday because of the observance of Ramadan.

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news

Whitehall braced for arms-to-Iraq report

CHRIS BLACKHURST
Westminster Correspondent

Ministers will learn next week the politically explosive findings of the Scott arms-to-Iraq inquiry, it was announced yesterday.

Ian Lang, the President of the Board of Trade, said in a written Parliamentary answer that he expected Sir Richard Scott's long-awaited report to be published on 15 February. Ministers will receive copies a week in advance of what promises to be one of the most sensitive documents to have crossed their desks in years.

It will be then, after three years of speculation, that they will finally learn the consequences of the inquiry.

To safeguard the judge and his team against any legal action – and to prevent advance copies being released to the press – the Government is wheeling out an infrequently used but powerful 156-year old statute to cover the publication process.

Copies of the report are unlikely to be released to the press until the Government, in



Scott: ferocious criticism

the shape of Mr Lang, who heads the commissioning department, begins its initial response in the Commons on 15 February. Sir Richard is expected to hold a press conference later that afternoon.

The report was originally earmarked for St Valentine's Day, 14 February, but publication has been put back a day to allow the Cabinet to discuss its implications. At least two Cabinet ministers, Sir Nicholas

Lyell, the Attorney General, and William Waldegrave, Chief Secretary to the Treasury, are expected to be heavily criticised by Sir Richard.

Publication is to be made under the powers conferred by the Parliamentary Papers Act of 1840, a statute that tends to be reserved for the most sensitive and potentially litigious reports.

The Act, which confers a higher degree of privilege and legal protection for their authors, was used for the BCCI and Guildford bombing inquiries. While the Act affords greater protection, it effectively rules out the issue of any advance copies.

In the meantime, Sir Richard and his inquiry continue to be on the receiving end of ferocious attacks from Government supporters. Last week, Lord Howe, the former Foreign Secretary, and Sir Bernard Ingham, Mrs Thatcher's former press secretary, joined the fray. Yesterday, it was the turn of Sir Bernard again, with another blast in the *Daily Express*.

On a key plank of their objections, that by denying legal

representation and cross-examination by lawyers, Sir Richard's procedures were unfair, his supporters claim they are misguided. The inquiry was set up by the Prime Minister, the procedures – notably the lack of legal representation for witnesses and no cross-examination of one witness by another – were only established after consultation between the inquiry and Downing Street.

Sir Richard's allies also claim that at no stage during the public sessions did anyone, apart from Lord Howe, really question its methods.

"The judge said, 'This is what I propose' and gave the Government the opportunity to comment," an inquiry insider said yesterday. "The Government had the opportunity to make representations." He pointed out that early in the inquiry, one of the witnesses, Paul Henderson, had asked for and received, the right to cross-examine in public witnesses who made allegations about him. That right was extended to all witnesses. In the end, though, nobody took it up.

Animal passion: Fur to fly as American chain plans invasion



Pecking orders: Corty the macaw climbing a perch to check out Pet City's merchandise

Photograph: John Lawrence

British pet shops face US dogfight

NIGEL COPE

Britain's pet shops were facing a big dogfight yesterday when it emerged that one of the largest operators of out-of-town pet stores in the United States is considering opening shops here.

Top executives from PetsMart, which has 260 branches in America, are due to fly into London from Phoenix, Arizona, to brief City bankers on their plans. PetsMart is keen to expand into Europe, with Britain and France seen as the most likely targets, though it is unlikely that any stores will open before next year.

If the company does enter the UK market, the fur is sure to fly in what is already a competitive sector. The company styles itself as a "category killer" – a kind of pet's version of Toys 'R Us – catering for animals' food, toys and other gifts.

They offer veterinary services, grooming parlours, dog-wash facilities and obedience classes as well as tanks of colourful fish and shelves full of books and videos.

An attack on the UK would bring PetsMart face to face with two British companies which have been opening warehouse-style pet stores for the past few years. Pet City has 35 stores and is opening a further

20 this year. Pets at Home has 16, mostly in the North-east and Yorkshire, and hopes to have 30 to 40 stores within two years.

Neither company seems worried by the prospect of a US invasion. Giles Clarke, the founder of Pet City, said: "I don't think it will affect us. It is a big market and American retailers don't always find it easy to transplant... Don't forget – we are here. They don't have anything yet." Pets at Home founder Anthony Preston said: "They may provoke interest in the concept and expand the market for everybody."

The UK is an attractive prospect for the Americans as we spend around £2.5bn on our pets every year. Much of that is on pet food but the so-called accessory market of pet presents, designer clothing and training aids, is growing.

But the two markets differ. The US market for reptiles, for example, is 13 times that in the UK. Here, Pets at Home sticks to standard favourites such as rabbits and budgies. Pet City is more adventurous, with tarantulas and chipmunks, though its best seller is still the humble hamster. The hot accessory of the moment is the Hamster Moon Glow Ball, an exercise wheel that comes in two sizes and glows in the dark. Even the Americans don't sell those.

Population of UK: 58,000,000

Number of TESSAs in UK: 5,000,000

Number of women called Tessa in UK: 25,032

Number of Tessas with TESSAs: 405

Number of Tessas sick of jokes about TESSAs: 45

Number of names for TESSA 2 accounts at Nationwide: 2

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هكذا من الأصل

Forecourt price war: Store chains set to lose millions and more rural stations may close in fierce competition at the pumps

Profits evaporate as petrol battle hits supermarkets



Consumer boon: Esso's decision to reduce the price of petrol at its garages has forced supermarkets to follow suit. Photograph: John Lawrence

NIGEL COPE

The petrol price war sparked by Esso two weeks ago is already having a damaging impact on the supermarket groups which between them account for 22 per cent of the UK market.

The first evidence of the pain emerged yesterday when a leading City broking house said profits at Sainsbury, Tesco, Asda and Argill, owner of the Safeway chain, would be lower than expected. Lower petrol sales were cited as a major reason for the downgrading.

According to NatWest Securities, the price war will cost Tesco £1.1m in profits next year and Sainsbury, Asda and Safeway together around £20m.

Mike Dennis, an analyst at the broker, said: "It is a very volatile market. Things could get very interesting if someone decides to cut another penny per litre off their prices."

He warned that if the latest

round of price cuts continued, smaller, independent stations, particularly those in rural areas, would be forced out of business. Up to 2,000 of the UK's petrol stations are expected to disappear this year anyway. It is possible that a further 2,000-3,000

will disappear as the larger companies flex their muscles. Sainsbury and Tesco declined to say what their next move might be yesterday and also refused to say how the price war had affected their own sales.

Esso started the battle last month when it launched its "Pricewatch" campaign. This

pledged to match the lowest prices within a three-mile radius. The rival Shell and BP groups followed and prices have fallen to as low as 49.9p per litre. The most severe price cuts have been in the North-east and Scotland. In other areas prices are as high as 50.9p per litre.

Paul Sykes, president of the Independent Petrol Retailers Association, which represents 5,000 smaller petrol stations, said: "If prices continue like this 45 per cent of the industry will go out of business within 18 months."

The largest supermarket groups make a significant amount of their profits from selling petrol. Tesco makes about £70m a year while Asda makes £30m.

Sainsbury, Tesco and the other chains have boosted their shares of the market by selling petrol at significantly lower prices than major oil companies such as Shell, Esso and BP.

NHS 'fails to tackle' crippling disease

LIZ HUNT
Health Editor

More than half of all health commissions in the UK are ignoring government advice on osteoporosis, a crippling bone disease which blights the lives of hundreds of thousands of middle-aged and elderly people, it was claimed yesterday.

The first nation-wide survey of the availability of screening, treatment, and prevention strategies for osteoporosis has revealed widespread failure to tackle the problem, despite its high profile on the national health agenda.

A total of 13 per cent of commissions admitted they were doing nothing at all to manage osteoporosis, while a further 42 per cent provided a minimum service only for their populations.

Only 12 per cent of health commissions are meeting Department of Health targets of at least 600 bone scans for the disease each year. However, although 55 per cent said they had access to a bone scanner, less than half of these were funding scans.

The National Osteoporosis Society, which conducted the survey, in which 80 per cent of health commissions - formerly health authorities - took part, said that a year after the Government's Advisory Committee on Osteoporosis issued a blueprint for the management of the disease in the NHS, 62 per cent of commissions did not have an overall strategy for tackling it. Fifty-seven per cent had no investment plans for establishing even basic clinical services in their area.

The society said that a basic service could be set up for just £50,000, less than the cost of treatment for two weeks' worth of hip fracture cases in any health district in the country. The annual cost to the NHS of treating osteoporosis and its effects is estimated at £750m at least.

Osteoporosis is the loss of bone mass and deterioration of bone tissue usually associated with the menopause. It results in frequent fractures, crumbling vertebrae and loss of height, as well as constant pain.

One in three women suffer from the disease, and it is responsible for a third of orthopaedic bed occupancy in NHS hospitals. More women die from osteoporosis and its complications than from cancer of the ovaries, uterus and cervix combined - around 40 a day. But men are also affected, with an estimated one in 12 middle-aged men suffering the effects from osteoporosis.

There is no cure, but preventive treatment, early diagnosis, and treatment with drugs and hormone replacement therapy can alleviate its worst effects.

Linda Edwards, director of the NOS, who launched the survey, said: "Health commissions have had a year to implement the recommendations of the Advisory Group on Osteoporosis Report, yet many have chosen to ignore that advice."

"It is a scandal that lack of action is condemning thousands of men and women to a life destroyed by fractures, pain, and deformity. Hundreds of thousands of people could avoid the disease altogether if they received better advice on prevention and earlier treatment."

John Studd, NOS chairman and consultant gynaecologist at the Chelsea and Westminster Hospital, London, said: "We now know how to diagnose and treat osteoporosis effectively and how to identify men and women who are at high risk of developing this disease."

"However, unless health commissions provide clinicians with appropriate local guidelines to improve treatment and prevention and unless they provide the funding support and facilities they need, all this knowledge is going to waste."

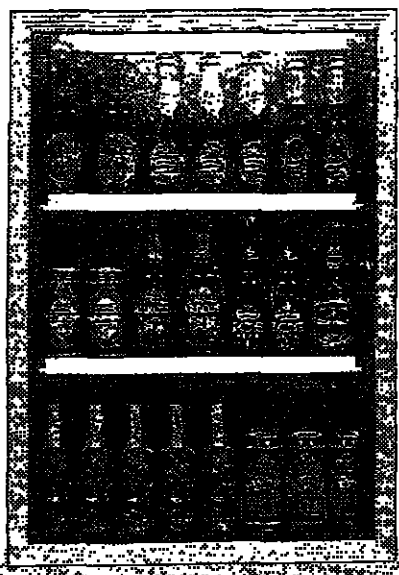
DAILY POEM

From A Part of Speech

By Joseph Brodsky

Not that I am losing my grip: I am just tired of summer.
You reach for a shirt in the drawer and the day is wasted.
If only winter were here for snow to smother
all these streets, these humans; but first, the blasted
green. I would sleep in my clothes or just pluck a borrowed
brook; while what's left of the year's slack rhythm,
like a dog abandoning its blind owner,
crosses the road at the usual zebra. Freedom
is when you forget the spelling of a brand's name
and your mouth's saliva is sweeter than Persian pie,
and though your brain is wrong right as the horn of a ram
nothing drops from your pale-blue eye.

Joseph Brodsky, who died last weekend aged 55, spent most of his life since he was exiled from Russia in 1972 in America, but particularly in the late Seventies and Eighties he was often in Britain, restless and bounding with pent-up energy. A Part of Speech was published by OUP in 1980 (the above taken from the last section of the title-poem) and contained his first poems in English and translations of his own Russian poems. Despite criticism levelled at these translations for "turgidness", Brodsky's humanitarian concerns shine through. Auden's observation that Brodsky was a "traditionalist ... interested in reflections upon the human condition, death, and the meaning of existence" remained true throughout his creative life.



Some more dramatic direct action from Greenpeace.

Today John Gummer opens a factory in Derbyshire making these chiller cabinets for off-licences and pubs.

At first glance, it's hardly headline news.

Nor, you might think, is it the stuff of environmentalist legend.

Yet the story behind the new Elstar factory, and more importantly the fridges it will make, is one of the most remarkable examples of Greenpeace in action.

It's a story that many would not perhaps associate with us. But it's as dramatic in its results and as extraordinary in its ambition as anything we have ever done.

Elstar is the first greenfreeze factory in Britain, and the first greenfreeze factory in the world making fridges for commercial use.

Only a few years ago both industry and government would have vehemently refuted the viability of such a factory.

Together with the vast majority of technologists, they maintained that refrigeration would remain dependent on ozone destroying chemicals (HCFCs) and global warming gases (HFCs).

It's only because, against all odds, we forced the world to adopt a safer solution that we now have greenfreeze fridges at all.

In fact, a little known alternative using hydrocarbons had been available since the 1930s, and was perfected

in the early 90s by two scientists working in Dortmund, Germany.

Vested interests rubbished this option, authorities neglected it and governments chose to ignore it.

At Greenpeace we took on this industrial stranglehold and fought one of the hardest, longest campaigns we have waged in recent years.

We attacked the entrenched attitudes of governments, technologists and manufacturers - demanding that they recognise greenfreeze as a safe, efficient and effective alternative.

In 1992 the world's very first greenfreeze fridge was finally made, but only because we commissioned it ourselves from an ailing east German factory.

In the process, we proved that greenfreeze not only worked, but was commercially valid.

Orders from consumers as keen as us for change began to flood in.

Eventually industry began to see that this alternative was not just our choice, but that of all sensible, concerned people. Gradually we forced cracks in the arguments of the powerful chemical lobby, and even governments were made to realise that greenfreeze was a viable solution that would not pollute the atmosphere like HCFCs and HFCs.

Today, thanks to these efforts, virtually the entire German domestic fridge market uses greenfreeze technology.

Thanks to companies like Calor Gas, Britain is now the world leader in greenfreeze. And the technology is rapidly spreading around the world, reaching even China - potentially the world's largest refrigeration market.

For these reasons, we are especially pleased to celebrate this week's opening. Indeed, it may be just the occasion on which to raid the chiller cabinet.

If you would like to know more about how Greenpeace is challenging industry to deliver solutions, not compromises, call Freephone 0800 374 428 for an information pack.

Greenpeace
Canonbury Villas, London N1 2PN.

GREENPEACE

news

Divisions over nuclear laboratory remain as inquiry ends

STEPHEN GOODWIN

The marathon inquiry into plans to build a rock laboratory beneath west Cumbria, in the hope of proving the site safe for a nuclear waste dump, ended yesterday with the battle lines little changed.

UK Nirex, the state-owned nuclear waste company, maintains it is time to "go underground" while Friends of the Earth claim another 5 to 10 years of surface investigation

needs to be carried out before such a scheme is undertaken. Observers at the 66-day inquiry in Cleator Moor civic hall have been impressed by the weight of scientific evidence produced on behalf of FoE and Greenpeace on the geological uncertainties of the site, but they remain unsure how that will affect the outcome.

The inquiry was ordered after Cumbria County Council turned down Nirex's plan to sink a £195m laboratory near the vil-

lage of Gosforth on the western edge of the Lake District National Park. Some £400m has already been spent on preliminary work.

Nirex believes the site holds "good promise" for a repository - costing a further £1.2bn - for the radioactive waste produced at British Nuclear Fuels' Sellafield reprocessing plant, just two miles away.

In the most optimistic scenario, from Nirex's point of view, the earliest date a repos-

itory could be in operation is 2012. But each year of delay costs the company £33m in interest charges.

Nirex concedes there are geologically safer sites in Britain but emphatically rejects objectors' claims that after spending some £600m on the Sellafield site it would be locked in to building the dump there.

"We would walk away if the underground research showed the site would not be suitable," Michael Folger, Nirex's chief ex-

ecutive, insisted, adding that the industry regulator had already made clear the amount of money spent could not justify a poor safety case.

Much of the argument has centred on site selection. Lionel Read QC, summing up for Nirex yesterday, repeated the company's contention that the existence of other potential sites was not material to the inquiry, but none the less went to great lengths to defend the selection process.

There are believed to be less geologically complex sites in East Anglia but the choice of anywhere outside west Cumbria would mean transporting the radioactive waste.

"The transport advantage is a real safety advantage, occurring here and now," Mr Folger told the Independent. "A different site would mean a bigger transport risk over the next 30 years in order to save a minuscule extra risk in thousands of years' time."

Nirex spent almost £10m putting its case, fielding a team of lawyers and 18 of the total 73 witnesses. The next biggest cost - £500,000 - fell on the county council, which had to foot the bill for the inquiry as well as presenting its own case.

FoE, with seven scientific experts, spent £100,000, while the cost for local objectors was mainly in time. Dick Wright, of Gosforth Action Group, reckons that preparing their case took him away from his potter's

kill for almost a month in total - but only cost £5 photocopying the group's submission. Inquiry inspector Chris McDonald is expected to submit his report to the Secretary of State for the Environment, John Gummer, around the end of October, followed by a ministerial decision in spring 1997.

Whatever Mr McDonald's recommendation, Mr Gummer could find himself facing a controversial decision in the run-up to a general election.

Solicitors plan to spend £5m on brighter image

STEPHEN WARD
Legal Correspondent

The Law Society's president Martin Mears is hoping to improve the image of solicitors with a £5m a year television advertising campaign.

If the spending is authorised, the profession will be asked to fund the commercials with a levy, of at least £100 a year from every partner in a solicitors' firm. The plan is for what is known as a "generic" campaign, which does not promote particular services such as wills or divorce, but which portrays solicitors as friendly, accessible and trustworthy.

When he was elected last year in the first contested vote for president for 40 years, Mr Mears promised to raise the public's low esteem for his members. He won on a tide of discontent with the Law Society establishment, particularly among high street solicitors who have seen their incomes fall through the recession, competition and a slump in house sales and widespread cut-price conveyancing.

Mr Mears insisted on election that solicitors would be more popular if they were better understood, and blamed the Law Society for failing to promote a positive image better. When he took office last summer he set

up a working party to find ways to improve things.

Mr Mears chairs that working party, and is anxious to press ahead with an advertising campaign, although others in the Law Society have reservations about the cost. He recently met executives from the Riley Advertising agency in Glasgow, which ran a similar series of generic adverts from 1990 onwards.

They devised jokey television commercials encompassing a series of situations in which a solicitor might be needed, such as a burglar about to be arrested, and a slogan "It's never too soon to call a solicitor". At the start of the current season a newspaper campaign put the slogan next to a picture of Eric Cantona just before he kicked a Crystal Palace fan.

The advertisements cost a similar amount per head to the planned campaign in England and Wales, and according to market research left the public seeing solicitors as much more approachable.

But the campaign was not universally popular with solicitors, particularly large firms with solely commercial clients, who could not see the benefit for them, and others who thought the seriousness of the profession was demeaned.

Accountants had similar reservations with a recent campaign slogan posing the risqué question: "Wouldn't you sleep easier with an accountant?"

Tony Gilling, a member of the president's working party and chairman of the Law Society's public relations advisory board, said he was keen on an advertising campaign, but it needed the support of a majority of the profession.

It needed to run for at least three years to be worthwhile. "If you stopped it after a year, that would be £5m wasted," he said. In England and Wales, 40 per cent of solicitors work for large firms, with 11 or more partners, and they had to be persuaded to contribute to the levy. The last survey of the profession in 1991 showed an even split for and against a generic campaign.

Mr Gilling said the majority of the working party thought there should be widespread research among solicitors before going ahead with any form of campaign. Many favoured the advertisement of particular services, or posters rather than television.

The last big television advertising campaign in England blamed a series of disasters on bad legal advice from "Whitsoname". It won awards, but the profession hated the image.



Ups and downs of life: Steve Buckingham and Rob Prikett making final adjustments to the new wooden roller-coaster, Megafobia, at Bakewell Leisure Park, Pembrokeshire. It is the largest wooden roller-coaster to have been built in Europe since the 1940s. Photograph: Rob Stewart

Court win for dissident facing deportation

The Islamic dissident fighting deportation amid claims that his welfare is being sacrificed to protect huge arms deals with Saudi Arabia yesterday won the right to examine government documents relating to his case, writes Heather Mills.

A judge yesterday ordered the Home Office to disclose to Muhammad al-Masari details of

its discussions with the government of Dominica, the Caribbean island to which it is intended to deport him. Reports have linked the deportation to the promise of extra aid.

Counsel for Dr Masari successfully argued at a preliminary hearing of an appeal against deportation that the information was vital to assess whether Do-

minica really would provide a safe haven. But Judge David Pearl, the chief special adjudicator, rejected a further application for the Home Office to supply details of any approaches to other countries. He also rejected a request for an adjournment of the appeal, due to go ahead later this month.

Dr Masari's accusations of

corruption and calls for a peaceful transition to Islamic rule in Saudi Arabia have infuriated the Saudi royal family, who have threatened to withhold lucrative business contracts.

Yesterday's hearing coincided with the lodging of an application for a judicial review of the handling of the case by Michael Howard, the Home Secretary.

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As many of the 22 million users of Macintosh® systems know, the press has been reporting that these are challenging times for Apple. We would, therefore, like to communicate directly with you and to reassure you that the top priority of Apple's Board and management team is to take action to prepare Apple for its next chapter of growth and profitability.

The major restructuring we are currently implementing is focused on how best to allocate our resources to ensure that we continue to meet our customers' needs with solutions they require at price points they can afford. Moreover, the actions we are taking to put our fiscal house in order will also have vast implications on how we do business.

We've taken measures to build on our market leadership in the home, education and key commercial segments. And we are committed to building and preserving our most valued assets: the Apple® brand, customer loyalty and Apple employees. We are also moving forward aggressively with new technologies and products that will play to Apple's strengths in multimedia and the Internet. And with the strong support of our third-party developers, we now have over 1,400 Macintosh native PowerPC™ applications, including over 800 that are "Mac™-first" or "Mac-only."

Looking forward, Apple is positioning itself to take advantage of information industry trends with the delivery of Copland, the code name of our next-generation operating system, and products based on the PowerPC microprocessor, the Newton® platform and Pippin™ technology — the television-based, affordable multimedia platform and Internet browser.

Apple's continued growth depends on constant and direct communication with you. So, I encourage you to watch spaces like this for important messages from Apple about our vision and future strategies.

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Sincerely,

Michael Spindler
President and CEO
On behalf of Apple employees worldwide

e-mail address: AppleForever@apple.com

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Public safety: Judge refuses to send schizophrenic to Broadmoor

Disturbed killer 'too dangerous' for hospital

LOUISE JURY

A paranoid schizophrenic who killed two people in a six-day reign of terror after he was released from hospital by mistake was jailed yesterday. The judge said that the alternative – a secure hospital – would not guarantee public safety.

Following recent controversy over mentally ill patients who have killed while in the community, Judge Peter Beaumont rejected psychiatrists' pleas that Wayne Hutchinson, 21, should undergo supervised treatment at Broadmoor secure hospital in Berkshire.

Instead, he insisted that the double killer must go to prison to ensure "absolutely watertight protection" for the public.

Hutchinson was cleared of murder but convicted earlier this month of two counts of manslaughter on the grounds of diminished responsibility. He was also found guilty of wounding three people with intent and attempted murder in what the judge called a "crescendo of violence" in Brixton, south London, 13 months ago. "He believed he was a tiger – 'the number one in the jungle'."

Judge Beaumont said he posed a "grave danger". If he was sent to a mental hospital, he might be released within a very short time if his condition improved. But under a jail sentence, he could still receive treatment for his schizophrenia as the Home Secretary had the power to transfer him to hospital. The judge told Hutchinson, a small-time drug-dealer: "For six days after Christmas

1994, you brought terror to parts of Brixton."

At the earlier hearing, Dr Robin Lawrence, a consultant psychiatrist at the South Western Hospital in Brixton, told how Hutchinson was allowed to leave the hospital by "mistake" in November 1994.

He had been previously treated after hearing voices but failed to return from home leave. When he was brought back by police, he was in such a psychotic state that doctors begged them not to undo the handcuffs until the medication had time to work.

However, a locum doctor allowed him to leave the next day, and he had disappeared by the time the hospital realised the error, an Old Bailey court was told. His rampage of "mindless and horrifying violence" began on Boxing Day, when he tried to kill an old school friend by shooting through his bedroom window. The friend was not there.

Then he shot dead Anthony Kelman, 30, a doorman, outside a Brixton nightclub, and slashed a 17-year-old boy with a knife. On New Year's Eve, he stabbed three people in separate incidents ending with the death of Margaret Hatton, 41, in a late-night shop. Hutchinson was arrested hours later.

Psychiatrists who argued he should be sent to Broadmoor said they feared prison warders might not recognise symptoms of his illness. But Judge Beaumont said prison offered better protection to the public.

After yesterday's sentencing, families of the victims demanded to know how the doctor's blunder let Hutchinson out. Mrs Hatton's daughter, Louise, said: "We want answers. It's an absolute disgrace he was free, somebody has got to pay."

Mr Kelman's sister, Pat, said: "Someone has got to take responsibility."

A spokeswoman for the Lambeth, Southwark and Lewisham Health Commission, the purchasing body for the South Western Hospital which has promised an independent investigation, said they were finalising details of the inquiry panel. They hoped to start work soon.



Wayne Hutchinson: Danger



Tastebuds tickled: A woman tasting a granadilla at Tesco's 'fruit extravaganza' yesterday

Photograph: Geraint Lewis

Store wars move to exotic fruit

GLENDIA COOPER

Sun-dried tomatoes are passé. Kiwis are too Eighties. The supermarkets' fight for the nation's palate has moved on, hoping to tempt us to part with our money by offering granadillas, tamarillos and pitahayas.

Exotic fruit is the latest niche market which multiple retailers hope to make the success of the 1990s. Consumption of exotic fruit has grown 19 per cent in the last four years, according to the Fresh Fruit and Vegetable Information Bureau. We currently eat 100,000 tonnes of it (compared with 1.4m tonnes of all fresh produce) and spend £74 per person per year.

But the most exotic fruits have only really reached Britain in the last 18 months. Granadilla, also known as the Lover's Fruit, is a cousin of the passion fruit but with a more intense taste, although even its kindest friend would not deny that its insides look like frogspawn.

Tamarillo is a large sweet

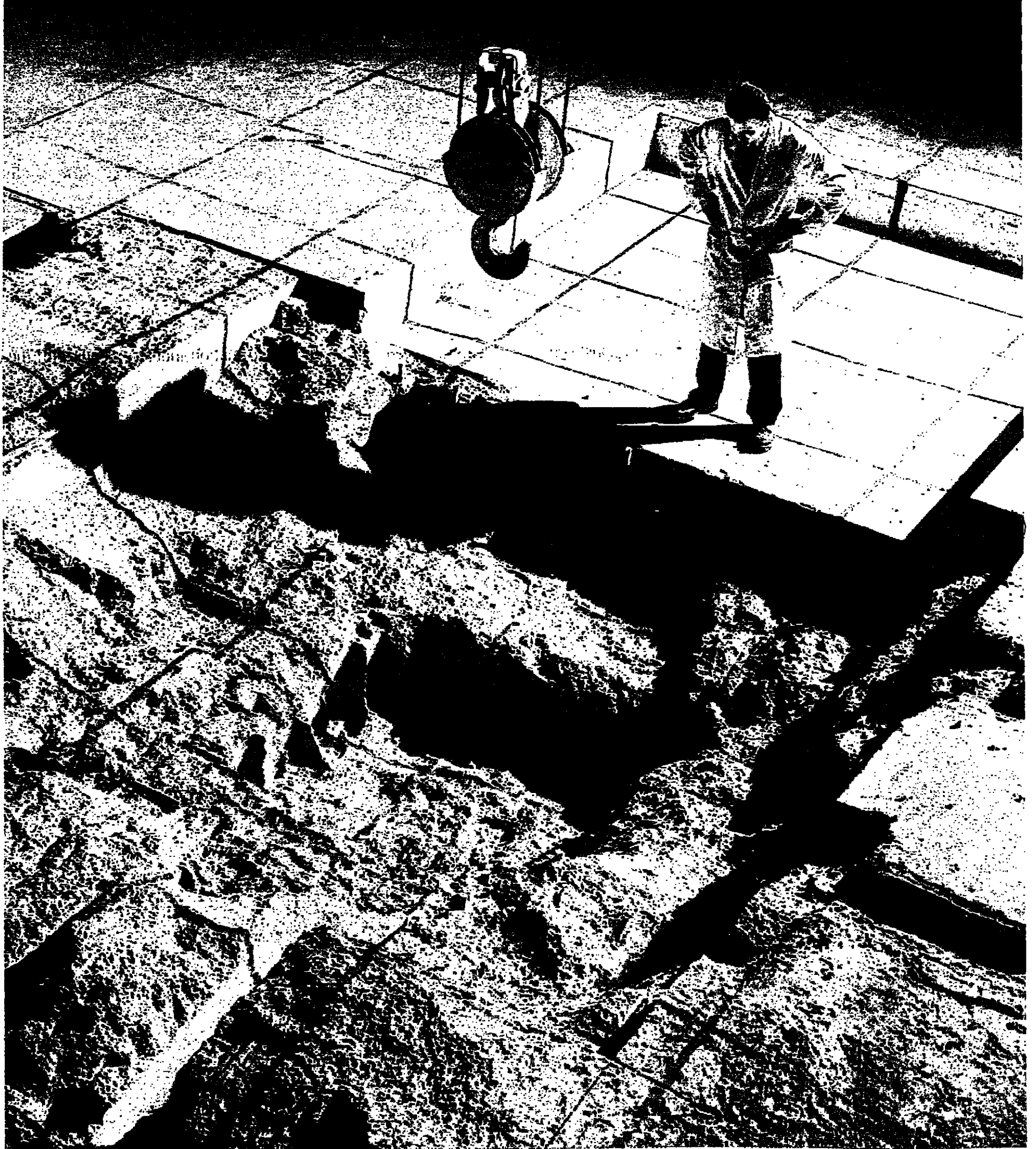
tomato-like fruit, physalis, a sweet gooseberry and pitahaya, a crunchy form of a kiwi. Their prices vary between 69p and £1.79, making them more expensive than the kiwi, which retails at about 18p per fruit.

Tesco is claiming to be "six months ahead" of the other stores in exotic fruits and is currently cashing in by launching Valentine's Day gifts (including "Blind Dates" – Medjool dates with a blindfold on and a lover's basket including prickly pears and mangoes), claiming such fruits have well-known aphrodisiac qualities.

But Sainsbury claims to have 22 lines of exotic fruit and hopes to push ahead by launching new varieties including the golden pawpaw – a sweeter pawpaw from Brazil – and in two to three months' time a "premium mango".

The fruits are currently aimed at the middle and upper classes, although the supermarkets hope that eventually the fruits will move down the socio-economic scale.

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Even the building has been dismantled and the two acre site will soon be available for commercial or industrial development.

BNFL is currently involved in many decommissioning projects around the world,

involving reactors, fuel production plants, reprocessing plants, storage ponds and silos, and the recovery of radioactive materials for safe storage.

These facilities – very different from one another – all need to be decommissioned safely, just as the Universities' Reactor has been. Decommissioning this reactor was something some people might think couldn't be done. The people who did it are BNFL. To find out more about what we do and

how we do it, please come and see us at the Sellafield Visitors Centre in Cumbria.

Or if you would like to receive further information, please write to Corporate Communications, BNFL, Risley Warrington, Cheshire WA3 6AS.



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news

Home-heating advice scheme 'flawed'

NICHOLAS SCHOON
Environment Correspondent

A Government-backed scheme for rating the energy-saving capabilities of homes is unreliable and can give bad advice, according to this month's issue of the Consumer Association magazine *Which?*

The home energy surveys, licensed by the Government, are intended to provide the equivalent of a miles per gallon measure for households. A surveyor takes measurements and details of insulation, construction ma-

terials and heating systems, and then awards a mark out of 100 to show how efficiently it can be heated. The householder is also given advice on possible improvements.

But *Which?* says "the ratings may not always be reliable and the quality of advice given does not justify the cost of the survey".

The magazine's report is published just ahead of the Government's Energy Advice Week, which starts on Thursday. In another energy conservation controversy, ministers also

face a sustained parliamentary campaign to get VAT on energy-saving equipment reduced to 8 per cent - the same level as for gas and electricity.

Posing as a householder, the magazine asked all four companies licensed by the Department of the Environment to perform the energy surveys to visit two homes. The costs of their surveys ranged between £59 and £123.

It also arranged for a "benchmark" survey to be carried out by the Government's Buildings Research Establishment

(BRE), which played the leading role in developing the computer models on which the ratings are based.

Two of these companies, National Energy Services Ltd and MVM Starpoint Ltd, produced figures which were at least 5 per cent points different from the BRE rating.

Which? also says the surveyors failed to emphasise low-cost or free energy-saving methods and suggested some costly investments which would take many years to recoup in fuel savings. "The companies need to

make the advice much more relevant to the individual householders' needs, particularly when they are paying considerable sums for such information," the magazine concludes.

Only a tiny proportion of UK homes have been surveyed because the scheme is costly and has been little publicised. The Government set it up because it believed it could play a useful role in helping homeowners cut fuel bills, thereby curbing the acid rain and global warming pollution which flow from home heating and lighting.

Andrew Warren, director of the Association for the Conservation of Energy, says the Government should legislate to make an energy rating part of every household survey which takes place when a home is sold.

That way, the cost would be sharply reduced. A surveyor would be visiting the building in any case and could take the necessary measurements and details at the same time. It requires some training and a laptop computer with the right software to turn this informa-

tion into an energy rating. Mr Warren said that if far more surveys were done the overall accuracy and quality of advice should improve.

Next month sees the Second Reading of the Labour MP Alan Simpson's private member's Bill to cut VAT on insulation and other energy-saving products from 15 to 8 per cent, putting them on a level playing field with fuel.

More than half of all MPs, including many Conservatives, have signed an early day motion backing the cut.

One in three workers 'suffers age bias'

JOJO MOYES

More than a third of workers say they have been discriminated against because of their age, while half believe that discrimination is a common feature of their workplace, according to a report published today.

A survey by the recruitment organisation Austin Knight of 967 employees showed that 36 per cent felt that their age had worked against them. The figure rose for those over the age of 40, with 39 per cent feeling that their age had been a handicap to their careers.

This was the finding of a former construction executive, Peter Cook, who thought that experience mattered more than age, until at 62 he tried to get a new job. "I must have sent off 200 applications over 18 months," he said. "Everyone told me I was extremely qualified but that my age was a problem. The agencies told me that their clients had all stipulated an upper age limit."

Tom Townsend, divisional director of Austin Knight, said: "There is no legislation against age discrimination and I think people felt it was really hurting their working lives. We were fairly surprised at the extent of the problem."

According to the report - *Equality at Work* - sex was the second most common area of discrimination, with 37 per cent of women and 19 per cent of men believing their sex had counted against them.

More than a quarter of all women felt they had suffered in the workplace because of their family responsibilities, compared with 18 per cent of the population as a whole.

Among all those questioned, 17 per cent felt they had suffered racial discrimination, but for ethnic minority groups this rose to 65 per cent. Likewise, 58 per cent of those registered disabled felt they had been discriminated against because of their disability.

Many of those surveyed felt that their employers, despite using Equal Opportunities statements on their job advertisements, were not actually committed to equal opportunities in practice.

Yet 78 per cent still believed that Equal Opportunities statements were an important part of a job advertisement.

Mr Cook eventually got a job as a DIY adviser at B&Q, which operates a policy of positive discrimination when it comes to employing older workers. "It's heartening to find that some people still value age and experience. There must be at B&Q they appreciate you, as do the customers, even the young ones," Mr Cook said.

Sixties killer: Body of man believed to be triple murderer is exhumed for DNA tests

JOHN ARLIDGE
Scotland Correspondent

At dawn the jack hammer began to smash the frozen earth. As the mist cleared, the pneumatic thumping, followed by the clang and clatter of shovels, echoed around Stonehouse cemetery near Glasgow. A quarter of a century after the murders of three women on Clydeside, police began to exhume the remains of the man they believe is "Bible John".

The five-hour operation began at first light when the two constables who have guarded the cemetery since detectives announced a breakthrough in the 26-year-old murder mystery abandoned their makeshift camp after enduring a night in temperatures as low as minus 10C. Boiler-suited policemen moved in and erected a plain white tent around the grave of John Irvine McInnes.

As the headstone reveals, the former furniture salesman died in 1980 - slashing his wrists shortly before his 42nd birthday. He is buried in a family plot along with his father Robert, who died in 1954 aged 60, and his mother Elizabeth who died in 1987, aged 91. Carved on the bottom of the gravestone are the words "till He come".

He did arrive yesterday. Not God, but Detective Chief Inspector James McEwan of Strathclyde Police, who has been on the trail of Bible John for years. Det Chief Insp McEwan believes he is on the brink of solving Scotland's most infamous murders. He was there to get his man.

Bible John terrorised Glasgow in the Sixties. The serial killer, who liked quoting the scriptures, raped and strangled three women he picked up in



Pursued beyond death: Police carrying the remains of John McInnes from a cemetery in Lanarkshire and (right) a photo of 'Bible John' and his third victim, Helen Puttock

Main photograph: Colin McPherson

the popular Barrowland Ballroom in the east end of the city. First to die was Patricia Dock-er, 25, followed by Jemima McDonald, 32. Little evidence has survived in these cases.

The third killing provided the forensic breakthrough which led to yesterday's exhumation - the first in Scottish criminal history. Helen Puttock, 29, was killed in October 1969. At the time, police believed she was Bible John's third victim but despite interviewing 5,000 people - including McInnes - detectives failed to identify the killer.

Last year, however, modern genetic fingerprinting techniques established a link between Puttock and McInnes. Forensic scientists re-examined unsolved murders, performed DNA tests on a sample of bodily fluid found on Puttock's tights. They compared the results with similar tests carried out on McInnes's living relatives. When they found a near-perfect match, police applied for a special licence to recover McInnes and conduct DNA tests on his remains.

The digging began after the

local procurator fiscal granted permission. Police officers first found Elizabeth McInnes's remains. They were taken to a local undertaker for reburial. With the sweat freezing on their backs in the sub-zero conditions, officers then dug out John McInnes's body. They placed the remains in a new coffin which was taken to the Glasgow police mortuary in a hearse.

Over the next three weeks forensic pathologists from Edinburgh and Glasgow universities will examine McInnes's

hair, skin and bones. DNA profiles can be recovered from remains up to 40,000 years old and police are confident the scientists will find enough evidence to confirm the link between McInnes and Puttock. That would enable Det Chief Insp McEwan to submit a report to the Scottish prosecution service naming McInnes as the most notorious killer in Scottish criminal history. Twenty-six years after he stalked the Barrowland, the man dubbed the "Dance Hall Don Juan" may be unmasked.



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The Porsche Boxster or Project 986 has been perhaps the most eagerly awaited new car of recent years. Not yet in full production and not due for launch until September, we have managed to secure one of the very first Boxsters direct from Germany.

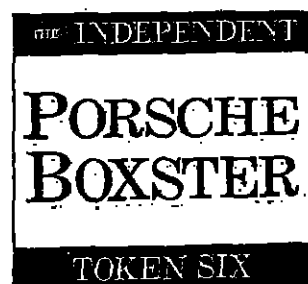
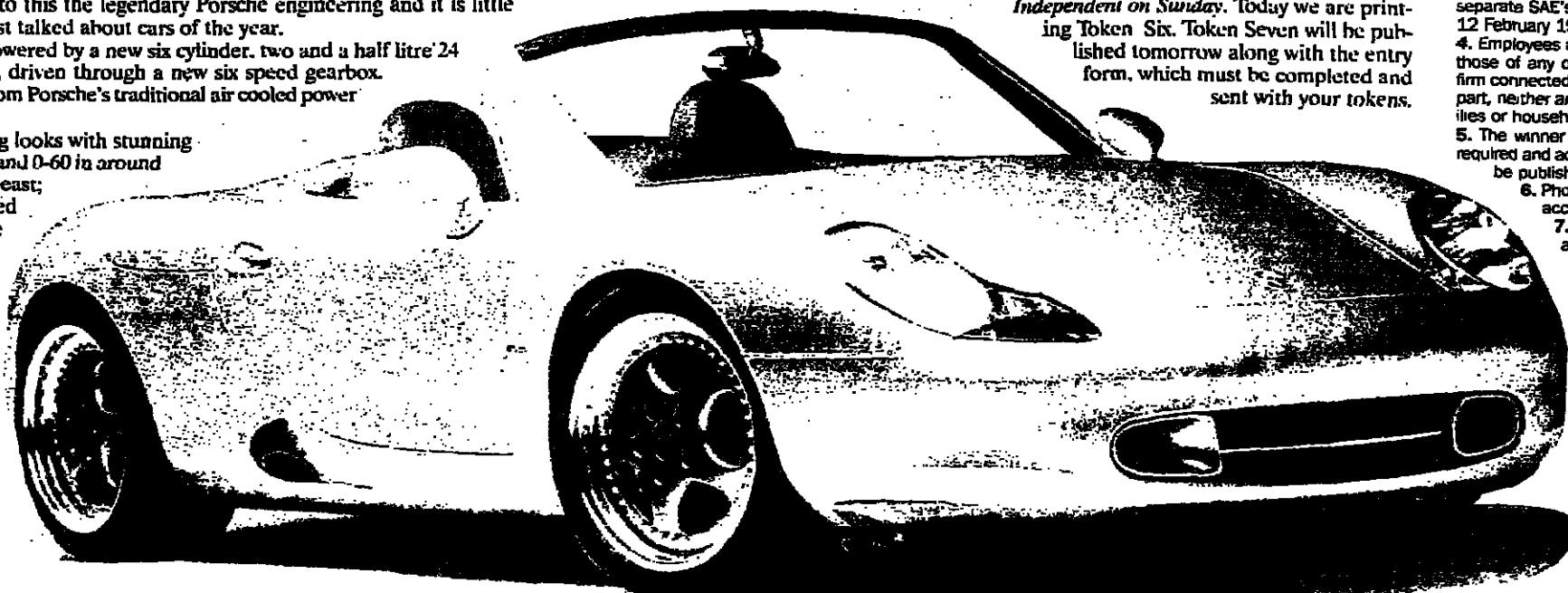
A genuine two seater sports car, the Boxster's retro body styling and fine detail combine for a visually stunning car. Add to this the legendary Porsche engineering and it is little wonder that this is one of the most talked about cars of the year.

The Porsche Boxster will be powered by a new six cylinder, two and a half litre 24 valve engine developing 210 bhp, driven through a new six speed gearbox. This engine is a major departure from Porsche's traditional air cooled power units.

The Boxster combines stunning looks with stunning performance, capable of 140 mph and 0-60 in around six seconds. But this is no hairy beast; it's a driver's car. The mid-engined configuration and double wishbone suspension all round ensures a smooth ride.

The production Boxster may differ slightly from the prototype shown here but it is sure to be a real head-turner.

To enter our prize draw you must collect five differently numbered tokens from the eight we will printing in *The Independent* and the *Independent on Sunday*. Today we are printing Token Six. Token Seven will be published tomorrow along with the entry form, which must be completed and sent with your tokens.



Rules:

1. To enter our Porsche Boxster prize draw you need to collect five differently numbered tokens from the eight we will be printing, (one of which was a starter token, which can be used as any number).
2. The closing date for entries is 23 February 1996. Send to: The Independent/Porsche Boxster Prize Draw, PO Box 250, Welwyn Garden City, Hertfordshire AL7 1TU along with a completed entry form which will be printed on Saturday 3 February.
3. For previously published tokens or an entry form send a SAE to: The Independent/Porsche Boxster, Token Request or Entry Form, PO Box 83, Welwyn Garden City, Hertfordshire AL7 1TU. Only 2 tokens are available per application. If you require both tokens and a form, please send separate SAE's. Requests must be received by first post 12 February 1996.
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10. The Porsche Boxster should be available in November 1996, but is dependent on production dates.

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One in three workers 'suffers' big bias'

JO MOYES

More than one in three workers have been discriminated against in the workplace, according to a survey by the Commission for Racial Equality. The survey, which was carried out between 1991 and 1994, found that 33 per cent of workers had experienced some form of racial discrimination in the workplace. This included being treated differently, being given less favourable conditions of work, or being subjected to racial abuse. The survey also found that 15 per cent of workers had experienced sexual harassment in the workplace. The Commission for Racial Equality is a government body which is responsible for promoting racial equality and for investigating and taking action against racial discrimination. It is also responsible for promoting racial equality in the workplace. The survey was carried out by the Commission for Racial Equality in partnership with the Commission for the Equality of Human Rights. The survey was the largest ever carried out by the Commission for Racial Equality. It was the first time that the Commission for Racial Equality has carried out a survey of this kind. The survey was carried out by the Commission for Racial Equality in partnership with the Commission for the Equality of Human Rights. The survey was the largest ever carried out by the Commission for Racial Equality. It was the first time that the Commission for Racial Equality has carried out a survey of this kind.

Blair's attack blunted by ex-policy chief

JOHN RENTOUL
Political Correspondent

Tony Blair, the Labour leader, launched a fierce counter-attack against Conservative charges of hypocrisy yesterday, as the party's former policy director issued a call for Labour to be more open about the need for more public borrowing.

Speaking to a meeting of party members for the first time since the row over Harriet Harman's decision to send her son to a selective school, Mr Blair took the Tory taunt that Labour "says one thing and does another".

Referring to the Tory record on tax, crime, the health service and home ownership, he said: "They say one thing before an election - and they do another afterwards."

But his attack was blunted by a prediction from Roland Wales, who resigned as Labour director of policy just before Christmas, that "sooner rather than later", a Labour government would have to "explain its case for higher borrowing".

Mr Wales's article in today's *New Statesman* was given added prominence when it was rubbished by a Labour spokesman.

"He had no input whatsoever into policy-making and, even if he wanted them to be, his views were not taken seriously," the spokesman said.

Mr Wales, a former high-flying Bank of England official, hired by the former Labour leader, the late John Smith, writes: "Voters want more and better jobs, better schools and better health and housing. Awaiting the fruits of growth is unlikely to be enough; a Labour chancellor will have to find the funds to start making good the chronic public sector investment gap, while calming the fears of the markets."

Mr Wales told the *Independent* yesterday: "People should be aware of the size of the task in order to massage down expectations."

Denying that his article was disloyal, he said: "It was designed to say that we have the potential to move towards a more sensible approach to public borrowing, but haven't yet devised proper controls." He advocates excluding public corporations - such as the Post Office and railways - from public-sector borrowing.

Mr Wales did not give reasons for leaving his job, al-

though Labour policy is increasingly determined in Mr Blair's office, under his head of policy, David Miliband. Mr Wales was replaced last month, after a fierce struggle between the Labour leader and his deputy John Prescott, by Matthew Taylor, Mr Blair's favoured candidate.

Mr Blair, meanwhile, speaking in Brentford, west London, warned the Tories against fighting a dirty campaign. "Do the Tories really want to be judged on which party has the biggest liars or the biggest hypocrites? They would be wise not to."

"They made their promises. They broke them. And behind every one broken promise lie thousands, millions of wrecked lives. The people who dream of owning their own home, then watched as it was repossessed. The people who felt safe in their job, then helpless as it was taken away from them."

He portrayed a "nightmare" scenario of a fifth Tory term: "Will you be paying to see a doctor? Will your child be taught in a class of 100? Will you all be trapped in negative equity? Will you all need private security for your street, your home, your office?"



Sitting pretty: Harriet Harman, the shadow health secretary, poses for the press before paying a visit to the paediatric intensive care unit at St Mary's hospital, Paddington, London yesterday
Photograph: Edward Sykes

Minister defuses care funding 'time-bomb'

NICHOLAS TIMMINS
Public Policy Editor

The UK does not appear to face an impending crisis over the cost of long-term care, John Bowis, the junior health minister, told MPs yesterday.

"There is no great time-bomb about to explode," he told the Commons health committee, which is investigating the issue. The increased costs from an ageing population looked to be "manageable for most individuals and for the taxpayer".

With only about one in seven of the elderly expected to need long-term care, "so long as we sensibly plan ahead, it is a manageable scenario", he told MPs.

Mr Bowis's assessment - in contrast to some predictions about the likely escalating cost - came as his department gave the committee a memorandum on projections of cost. These ignore contributions made by carers and from those who

already pay for their long-term care themselves, but examine NHS, social services and community health service spending.

The memorandum stresses that there are "wide differences of view" which could see the cost of long-term care more than double or fall by a half as a proportion of national income.

But, it says, "on most reasonable assumptions" the proportion of GDP taken by long-term care in 2030 - when the number of elderly is due to peak - is likely to be only a little larger than the present 2.3 per cent. In addition, the extra costs to be absorbed "imply future rates of increase which are lower than those accommodated in the last 15 years".

The assessment assumes the economy grows at its historic rate; that the next generation of elderly will be no more dependent than the present one; that the real cost of services will rise by 1 per cent a year; that there

will be a similar rise, as the country gets wealthier, in those who can pay all their own long-term care costs; and that there will be 10 per cent fewer carers looking after relatives and friends as the population ages.

With a consultation paper due on how to fund long-term care in future, Mr Bowis dismissed the idea of allowing individuals to keep the average value of a home - about £60,000 - when undergoing means-tested care, saying that would involve a "substantial cost" of £500m a year.

He also appeared to rule out a new pay-as-you-go national insurance, or creating new compulsory funded insurance schemes. Such ideas would be "confiscatory", he said.

Minister will, however, outline schemes where individuals cover themselves for a fixed amount of care, they will be allowed to keep a similar sum if they then need to fall back on means-tested care.

Major looks safe from challenge

PATRICIA WYNN DAVIES
Political Correspondent

John Major's position as Conservative Party leader will not come under further threat this side of a general election, an influential committee of Tory MPs decided last night.

Sir Marcus Fox, chairman of the 1922 Committee of backbenchers and a staunch John Major loyalist, said the committee had agreed the present rules, "as they affect a possible challenge to the leader of the party are suspended until after the next general election".

Sir Marcus confirmed that a review of the rules was taking place.

The move removes the threat of another bruising leadership battle for the Prime Minister before his target date of a 1977 election after beating off the challenge from Eurosceptic John Redwood last July.

While all members of the 18-strong, predominantly right-wing, 1922 executive were prepared to put the rules on hold, there were signs some might have been bounced in to it. There was said to have been no advance circulation of the motion, nor was there a vote.

Last night's decision signals the end of months of damaging speculation in the run-up to the autumn. There remains a theoretical possibility some senior MPs will call for Mr Major's head after the widely expected disastrous results in the May local elections. But that would require Mr Major to step aside voluntarily, which few believe he would be prepared to do.

A number of Tory MPs, including Douglas Hurd, the former foreign secretary, believe there should be no challenge to a sitting Prime Minister during the course of a parliament.

MPs push for tougher CSA

NICHOLAS TIMMINS

The Child Support Agency should shift its priorities and use tougher enforcement measures to tackle the "huge armies" of absent fathers who are "cooking a snook" at the taxpayer by refusing to co-operate, MPs said yesterday.

New powers - which ministers are considering - are also needed to deal with self-employed fathers who are using accountants to hide their real worth, the Commons Social Security Committee said.

After a "dire" start in its first 18 months, the agency's operations are now improving, even though "major difficulties and failings still exist".

But the Government's targets for the agency have encouraged it to concentrate on the "soft

target" of absent fathers on benefit who are most easily traced and dealt with. They account for about 45 per cent of the full assessments the agency is making.

"Success in transferring small sums (typically £2.35 a week) from a claimant on benefit towards the cost of another claimant's benefit is small beer," the committee said.

"What is required is a withdrawal of the amnesty the Government has given to huge armies of absent fathers who are refusing to fill in the maintenance inquiry form and to mothers who are refusing to fill in the maintenance application form." Some of the latter were "colluding with a previous partner, or a current partner, in refusing to push a claim".

In the wake of the agency's near collapse in its early days,

about 350,000 cases were put on hold.

Labour MP Frank Field, chairman of the committee, said the amnesty "worries us very much", along with the extent of fraud and the failure to deliver more money to lone parents with children.

The committee added that the self-employed are using accountants to reduce their tax liability to the point where they "artificially reduce or even extinguish" their child support liability. The CSA should work more closely with the Inland Revenue and be given new powers - backed by criminal sanctions - to require production of all documents.

In the longer run, Mr Field argued, the CSA probably needed to be transferred from the Department of Social Security,

whose traditional role is paying out money, to the Inland Revenue whose expertise is in collecting it. The rising backlog of unpaid maintenance is now heading towards the £1bn mark.

The report's call for tougher enforcement was welcomed by the National Council for One Parent Families, who saw it as "a welcome new turn" in recognising that the cash actually delivered to lone parents and their children was the true test of the agency's success.

The Liberal Democrats called for the agency to be scrapped and replaced by family courts, but the committee said there was growing acceptance that the CSA would be a "permanent feature of British life".

■ *Second Report, Social Security Committee, Session 1995/96, HMSO £15.90*

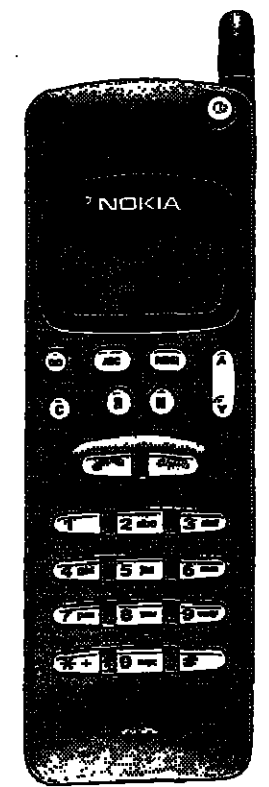
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Next week's business

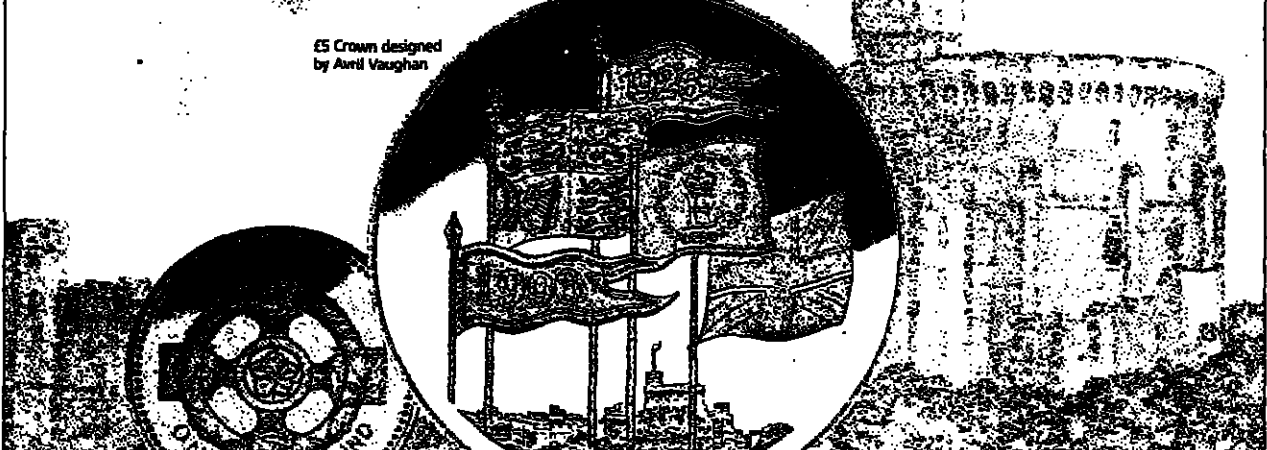
MONDAY - Commons: Questions to National Heritage ministers and Lord Chancellor's Department Debate on the Police of London. Backbench debate on the Sheffield supertram. Lords: Criminal Procedure and Investigations Bill, Report, Agricultural Holdings (Fees) Regulations.

TUESDAY - Commons: Defence questions: Prime Minister's Questions; Debate on future of GP fundholders; Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations; Backbench debate on proposed closure of Francis Withers Home, Sutton Coldfield; Lords: Broadcasting Bill, Committee; Debate on farm health and safety.

WEDNESDAY - Commons: (9.30am) Select committee reports on: Horticulture, Employment creation in Northern Ireland; Backbench debates on: One day sales, Government's relations with Burma, State of buildings in education sector. (2.30pm) Foreign Office questions; Opposition debates on rail privatisation, "Renewed threat of Post Office privatisation"; Backbench debates on: Sunday television, Employment (Upper Age Limits in Advertisements) Bill, Second Reading; Debate on Welsh revenue support grant reports. Audit (Miscellaneous Provisions) Bill, remaining stages; Backbench debate on Edgeware General Hospital; Lords: Broadcasting Bill, Committee; Deregulation (Fair Trading Act) (Amendment) (Merger Reference Time Limits) Order; Deregulation (Restrictive Trade Practices Act) (Amendment) Order; Variation of Exempt Agreements Order.

THURSDAY - Commons: Backbench legislation: Employment (Upper Age Limits in Advertisements) Bill, Second Reading; Wildlife Bill, Second Reading; Backbench debate on Shroton Hill fire station. Lords: Not sitting.

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international

Dole struggles as rivals smell blood

DAVID USSORNE
Derry, New Hampshire

New Hampshire's Republican primary still has almost three weeks to go, but everyone knows that for Bob Dole, whose race it is to lose, this campaign visit is critical. The reek of an impending political kill is in the air, and the front-runner has come to smother it, if he possibly can.

The source of Mr Dole's problems is the sudden ascent through the Republican field of Steve Forbes, a multi-millionaire publisher who until recently seemed only a maverick player, posting no genuine threat.

But yesterday the second New Hampshire poll in a week put Mr Forbes substantially ahead of the Senator from Kansas. The poll, conducted for the *Boston Globe* and WBZ-TV, showed the challenger would receive 31 per cent of the vote if the primary were held today, to 22 per cent for the Senate majority leader. Other polls have placed Mr Forbes a threatening second.

A loss to Mr Forbes either here on 20 February, or eight days earlier in the Iowa caucuses, may cripple Mr Dole's candidacy. Until recently he seemed certain to garner the most delegates in the primary process, ensuring his nomination as the Republican candidate to challenge Bill Clinton for the presidency in November.

With defeat in New Hampshire now a distinct possibility, the main American political commentators have gathered to scrutinise Mr Dole and divine the extent of his crisis.

What they found was that his demeanour had changed: this is a candidate trying very hard indeed. The recent carping about the "liberal" media is gone, replaced by a controlled display of serenity.

The choreography of Mr Dole's passage on Wednesday through the populous south-east corner of the state was almost perfect. Unusually, his chief speech-writer was in tow to craft every syllable.

There was no repeat of last weekend's disaster here, when television cameras caught his aides hurriedly removing chairs from a rally, after only a smattering of supporters had showed up.

The only real glitch was the visit to a small brewery in Derry whose best-selling brand is

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Old Man Ale. Sensing impending disaster if the media were to make an association between the ale and Mr Dole's advancing years, his campaign staff cancelled the event at the last moment, only to be forced to reinstate it as quickly, when the Republican Governor of the state, Steve Merrill, made a protest.

On cue, as the owner of the brewery ushers him to the huge steel vat in which the "Old Man" is being fermented, Mr Dole delivers the line necessary to end the fuss. "Have you tasted the beer?" a reporter shouts. "Yes," the candidate replies. "It is young and fresh".

Earlier, Mr Dole visited Gordon's Top of the Tree bakery in neighbouring Londonderry, an appearance whose imagery was much less risky.

The sole product at Gordon's is apple pie, the very symbol of American homeliness and goodness. Standing before the bakery's ovens, Mr Dole at his side, Mr Dole delivered a version of his stump speech not previously heard. All reference to Mr Forbes and his other five main rivals in the race was gone. Instead, he set his sights on Mr Clinton, as if the nomination was already his. "The President talks right, but governs left," asserted Mr Dole.

At the heart of the speech was a reminiscence about his participation in the D-Day 50th anniversary celebrations in Europe last year.

Mr Dole was severely injured in the last days of the Second World War - his left hand is still maimed - and he is famously uncomfortable talk-

ing about it publicly. However, his advisers apparently have concluded that he must talk about it, and at length.

He told of the emotions and the tears of his fellow veterans and of visiting Italy, where he was wounded. "And I started to think that maybe there was one more mission, one more shot for my generation, one more opportunity to provide leadership to America, whose problems seem to get deeper and deeper every year," he said.

This, he told us, was the moment that he decided to try again for the presidency, even though he failed once before, in 1988, when he was beaten in this primary by George Bush.

It could be, though, that the voters of the New Hampshire are no more ready to put their faith in Mr Dole now than they were eight years ago.

Emerging from Thompson's Market, a rural grocery store in Hudson, a picturesque village close to the Massachusetts border, Mark Murray, manager of a chemical company, confesses to being depressed about all the Republican candidates, including Mr Dole. "I just can't be impressed by him. I sort of think you can't teach an old dog new tricks," he said.

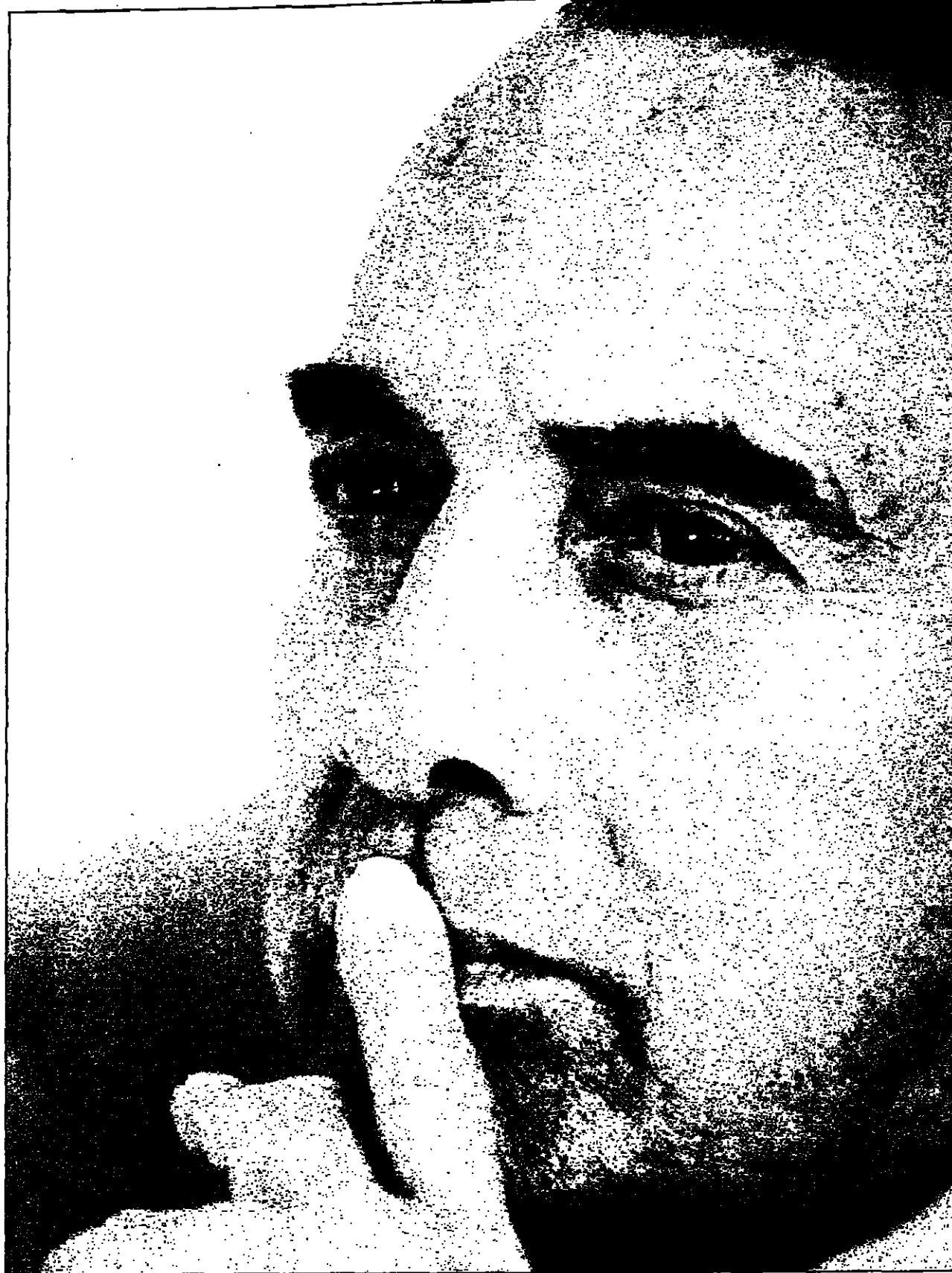
More telling is the reaction of guests at a chamber of commerce dinner later in the evening in Nashua. Mr Dole rehearsed his speech once more, to a middle-of-the-road Republican audience that ought to be his for the taking. But even here it is hard to find anyone not afflicted with doubt.

Christopher Conway, whose wife had earlier introduced the Senator to the meeting, whispers that he may vote for Mr Forbes. "I am just not convinced that Mr Dole is the right man for the job. But I'm tempted by Mr Forbes. Of all the campaign literature that arrives in the mail, there is only one kind I like to read, and it is from Forbes".

Likewise Linda Tomaselli, a Nashua lawyer, "I think that Mr Dole has had his chance already," she says. "He wasn't elected before because there is something missing".

She is about to carry on, when she abruptly bites her lip and flushes. Mr Dole is working the crowd and suddenly here he is, right before us. Quick as lightning, Ms Tomaselli smiles enthusiastically and she extends her hand.

News analysis, page 17



Facing a crisis: Bob Dole. Failure in New Hampshire may destroy his hopes of nomination Photograph: Peter Blakeley

IN BRIEF

I-For ready to hit back at sniper

Washington — The commander of Nato forces in Bosnia yesterday promised swift retaliation against sniping in Sarajevo. After two Nato I-For vehicles came under fire in the Serb-held suburb of Ilidza on Wednesday night, bringing to six the number of sniping incidents there since Sunday, US Admiral Leighton Smith said: "We've got some jerk up there pulling a trigger and he's got a night scope. That makes it tough. But boy, if we do see him he'd better be fast and be clad in bullet-proof stuff. Because we will attack without warning." *Reuter*

Greek shame

Athens — Greece's Socialist government and the new Socialist Prime Minister, Costas Simitis, were castigated by all sides for crying "Never!", and then backing down in a row with neighbouring Turkey this week over the disputed eastern Aegean islet of Imia, known as Kardak to the Turks. "I am overcome by the sense of shame that every Greek feels," said the former conservative defence minister, Yannis Varvitsiotis. *Reuter*

Body search

Vienna — Experts looking for the origins of skeletons found in Upper Austria earlier this week said the dead in the mass grave certainly were not Holocaust victims. Earlier reports had suggested that the remains found on the building site of a hydro-electric project at Lambach, 140 miles west of Vienna, were Hungarian Jews. *AP*

Need for Nato

Washington — President Jacques Chirac began the first state visit by a French leader to Washington for 12 years yesterday. He told a joint meeting of Congress that the operation by US and European troops to enforce peace in Bosnia showed "the need for the [Nato] Alliance to adapt itself to a universe that is no longer that in which it was born." *Reuter*

'No' to Nobel

Peking — The pro-democracy dissident Wei Jingsheng, nominated for the Nobel Peace Prize by 81 members of the US Congress on Wednesday, is a convicted criminal not qualified for such an honour, China's Foreign Ministry said. Mr Wei was sentenced to 14 years in prison in December for conspiring to subvert the government. *Reuter*

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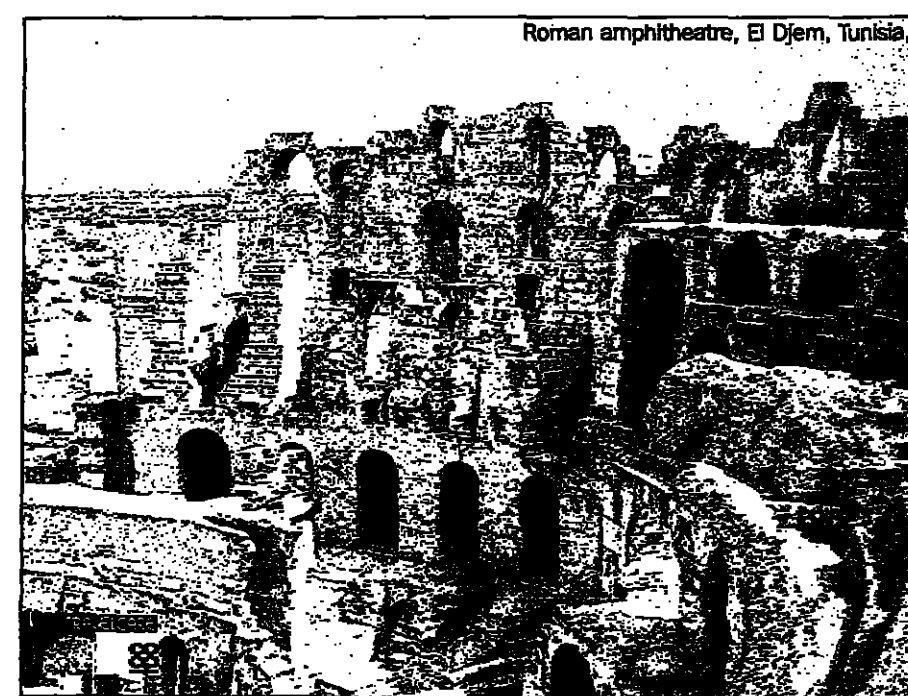
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Kohl's tax cut 'trick' unites opposition

IMRE KARACS
Bonn

The German government's programme to kick-start the economy met unexpectedly fierce resistance yesterday as opposition parties united in an effort to scupper planned tax cuts. A heated debate in parliament's lower house marked the end of Helmut Kohl's brief attempt to forge a consensus in the face of soaring unemployment, and put the government on a collision course with opposition parties and the 16 regional *Länder*.

Though Helmut Kohl's coalition of Christian Democrats and Free Democrats carried the day in the Bundestag, the measures are heading for a rough ride in the upper house, controlled by the Social Democrats.

The proposed 2 per cent cut in the "solidarity surcharge" — a levy on income tax destined for the bottomless pit that is

have run a vigorous campaign against the unpopular "solidarity surcharge", eventually forcing Mr Kohl into a corner over the issue.

The circumstances in which the decision was made exploded the consensus Mr Kohl has been trying to build in recent weeks. The unions, which only a week ago struck a jobs pact with the employers and the government, are now accusing the Chancellor of fraud. And the Social Democrats, who together with the unions meekly accepted the need for pruning back the welfare state, are on the warpath.

There was no longer any sign of bipartisan harmony yesterday as Oskar Lafontaine, the leader of the SPD, laid into Mr Kohl's record, lambasting him for "losing 5 million jobs" during his 13-year reign.

The ill-feeling whipped up by what is seen as a transparent vote-buying exercise has now placed the entire economic programme in peril.

The government's package of measures, pledging to halve unemployment by the year 2000, may come unstuck in the upper chamber, the Bundesrat, which consists of representatives from the regional governments. As the SPD controls a majority of *Länder*, it also holds sway in the Bundesrat.

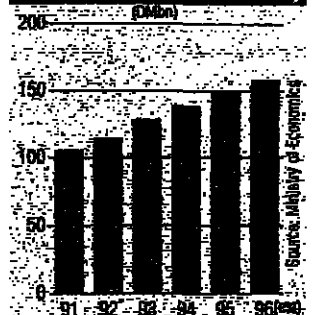
The government is also faulted for not coming clean on the figures. The Free Democrats and Mr Kohl's Christian Democrats still do not agree how much of the shortfall will be met by the regions, and whether the *Länder* will have to increase value-added tax to make up the deficit.

Most importantly, nobody knows whether eastern Germany will continue to receive the subsidies it has been promised. The uncertainty comes as a bitter blow to the devastated eastern economy, where growth is slowing and unemployment rising again.

The "solidarity surcharge", or "Soli" as it is called in the west, covers a large portion of the cost of rebuilding the former GDR. Much of it goes into bricks and mortar, fuelling a construction boom that is bringing Galleries Lafayette to the unemployed proletariat of east Berlin and a post-modernist government district to the Tiergarten.

If some of the money were to stop coming, the shiny new department stores in the shadow of derelict factories might look even more ridiculous.

Net transfer of public funds from West to East Germany



eastern Germany — is at the heart of the controversy.

Earlier this week the government announced that it wanted to save DM4bn (£1.79bn) for the taxpayer, and replace DM3bn of that from regional coffers.

The regions, already resentful at having to send large sums to the east, are threatening to rebel. Gerhard Schröder, the Prime Minister of Lower Saxony and deputy leader of the Social Democrats, is rallying his counterparts from all the *Länder* to a meeting to co-ordinate resistance to Bonn.

The government's critics argue that the tax cut makes no economic sense. In the words of Joschka Fischer, the Greens' leader, the reduction is an "enormous trick", designed as an "electoral gift" for the enfeebled Free Democrats who furnish Mr Kohl with his slim parliamentary majority.

Threatened with extinction in three regional elections next month, the Free Democrats



Burning ambition: Stefan Sigmund, 29, during his successful record-breaking attempt to smoke 300 cigarettes in under six minutes in Bucharest, Romania. Photograph: AP

Backroom fixer given task of reforming Italy

ANDREW GUMBEL
Rome

Antonio Maccanico, 71, a constitutional expert with little profile at home or abroad, was yesterday asked to form a new Italian government. The appointment came as the parties agreed to work towards institutional reform rather than rush into a general election.

Mr Maccanico, who has a history as a backroom negotiator, emerged as a compromise candidate after several other names, including his predecessor, Lamberto Dini, were rejected by the two big parliamentary blocs.

He will conduct negotiations to put together a government mixing cross-party political appointments with technocrats. If he succeeds, Italy may have a government by mid-February.

"I am sure that parliament has the moral and intellectual energy to open a new phase of growth, and civic and democratic progress in our country," Mr Maccanico said, after accepting the mandate of prime



Maccanico: constitutional change will be a priority

minister designate from President Oscar Luigi Scalfaro.

He outlined four main priorities: continuing fiscal and monetary rectitude to bring the lira back into the European exchange rate mechanism; giving Italy an "inclusive role" in its current six-month presidency of the European Union; clear rules on conflicts of interest, particularly in broadcasting, where the former prime minister Silvio

Berlusconi still wields enormous influence; reform of the constitution to reinforce the powers of the executive over parliament, increase the role of the regions and consider the direct election of a presidential figure.

The last point has been the focus of the last month of crisis, with the extreme-right leader, Gianfranco Fini, calling for a directly-elected prime minister, or president, with sweeping powers.

Mr Fini yesterday expressed his satisfaction at Mr Maccanico's appointment. The centre-left had more mixed feelings, with some deputies saying they would never co-operate with the centre-right under Mr Maccanico's leadership.

Mr Maccanico is likely to keep on some members of Mr Dini's team. He himself is unlikely to make much of a splash. A southern-born lawyer, he was minister for institutional reform in the late 1980s. Under his aegis no institutional reforms were introduced.

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international

Unhappy comparisons : After Gorbachev, the Kremlin is well aware of the awesome power of the miners

Pit strike raises spectre for Yeltsin

PHIL REEVES
Moscow

It was just about the worst birthday present Boris Yeltsin could have wished for, and one which invited unhappy comparisons with an era when fortune was far kinder to him. As the president turned 65, an occasion which slipped by without pomp and circumstance, hundreds of thousands of Russia's coal miners went on strike.

No one better knows the power of the miners than Mr Yeltsin. Mass strikes in the pits of western Siberia, the Ukraine and elsewhere in 1989 did much to accelerate the fall of his adversary, Mikhail Gorbachev, hastening the death throes of the Communist Party, the final disintegration of the Soviet Union and his eventual ascent to the Kremlin.

Yesterday's strike swept through mines from southern Russia to the northern Urals and Siberia, many of which were once hotbeds of Yeltsin support. It was to demand back-pay which has been held up for months, better living conditions and greater state support for the beleaguered coal industry. Rosugol, the state-controlled coal monopoly, said more than 300,000 miners walked out from 118 of Russia's 182 pits, although trade union officials put the figure at around 500,000. Meanwhile more than a million miners downed tools in the neighbouring Ukraine for the same principal reason; they



Wage rage: Miners from eastern Ukraine demanding back-pay demonstrating outside government offices in Kiev

Photograph: Reuters

claim they are owed \$370m (£247m) in unpaid wages. It is too early to predict the impact of the strike, as some miners were determined to stay out indefinitely while others

restricted their action to refusing coal deliveries to consumers for only 48 hours. But, even if fears of widespread power cuts in the freezing midwinter prove unfounded, it is yet another

thorn in the side of Mr Yeltsin, drawing unwanted attention to the plight of millions whose pay has been held up for months, including teachers, civil servants and air traffic controllers.

Just when he is doing his best to spruce up his act before June's presidential election, Mr Yeltsin will not have warmed to the spectacle of a large crowd of miners marching through

the snowy streets of Yekaterinburg, in the far north, waving banners demanding the resignation of the prime minister, Viktor Chernomyrdin. "A miner can work on his knees on the coal-

face, but he cannot live on his knees and never will," said one. Nor will he have enjoyed the sight of his opponents seizing hungrily on the issue; the State Duma (lower house of parliament), where the Communists hold the most seats, immediately passed a vote of solidarity with the striking miners.

The strike went ahead despite Mr Yeltsin's efforts to deflect it by promising to pay up. On Monday, he declared that the government had the money, blamed poor organisation for the delays and threatened to fire the regional bureaucrats responsible. And yesterday one of his top aides again said the miners would be paid under a new "tough monthly schedule".

But the problem appears to run deeper than that. Anatoly Yakunin, a Rosugol official, blamed the crisis on energy plants and factories that owe mines more than \$400m for deliveries. Whoever is at fault, they will have taken the bloom off the bunches of flowers and trinkets that Mr Yeltsin's aides presented him yesterday during a birthday that he would probably prefer to forget.

■ Moscow (AP) — A Chechen political activist, Ruslan Soslanbekov, said yesterday that prisoners in a Grozny detention camp from which he has just been released are being tortured. The camps were set up in Chechnya after Russian troops went in to crush its independence drive in December 1994.

Sartre's old paper rescued by big business

STEPHEN JESSEL
Paris

The threat of closure which was hanging over *Liberation*, one of France's few national daily newspapers, has been lifted after the staff agreed to a financial rescue package, but the deal has robbed the paper's journalists of much of their prized independence.

Almost 30 per cent of the staff voted in favour of a 70m-franc (£9m) recapitalisation plan raising the share of capital held by the Chargeurs group, which has extensive interests in film and television, from 12 per cent to 65 per cent and reducing the staff share from 45 per cent to 20 per cent.

The vote appears to reflect a gloomy recognition that the choice lay between accepting the plan and seeing the paper close.

In a separate vote, 65 per cent endorsed an "independence pact" which promises the staff a continued blocking minority on the paper's board and the right to elect their own editor, subject to certain conditions.

In alliance with another group of shareholders they will have the right of veto on some major strategic issues.

"There's relief rather than euphoria," said one senior journalist. "No one is happy about selling the paper, but it's better we do business with a company that has had a stake in the paper. And at least the vote was clear, and not a 51-49 split."

The paper, tabloid in form but serious in approach, and usually abbreviated to *Libé*, was founded in 1973 by the late Jean-Paul Sartre, among others, to recreate the spirit of the 1968 street revolt by students and workers.

Liberation ceased publication in early 1981, but reappeared in a less stridently left-wing guise some months later, although its critics suggest that some of its staff are spiritually still living in 1968.

Its circulation reached 195,000 in 1989, but has been falling in recent years.

Even so, compared with some of its competitors, the paper has a thoughtful and questioning approach and a degree of imagination. Its foreign coverage is good, it reacts well to big news stories and its sometimes eclectic cultural section shows verve.

The death at the end of 1995 of the lively and cheap *Info-Matin* was a sign of a wider crisis facing the national press in France, as the result of a flourishing network of regional papers, an archaic distribution system and high cover prices (usually Fr7, or 90p).

Liberation had two relaunches in the past three years, including an unsuccessful attempt at a weekend supplement and an over-ambitious expansion to 80 pages, but was estimated to be losing £1.5m a year. Staff rejected an earlier rescue attempt which would have entailed a 25 per cent cut in jobs, but the rescue deal will still entail the loss of 78 jobs at the paper by the end of November.

A new life across the Atlantic

Freed from prison in France, Jacques is now a Medecin sans frontieres. Medecin, the iron-fisted Mayor of Nice for 25 years, is starting life again in Uruguay, to which he fled in 1990. He was released two weeks ago and now lives in a luxury home near the Atlantic coastal resort of Punta del Este.

"Now, all I want is peace - and to be loved," said Medecin, 67, who was convicted of embezzling nearly £2m from the Nice Opera and accepting £520,000 in bribes. "It was really tough," he told Associated Press news agency, referring to

PEOPLE



Jacques Medecin: Turned his back on France

his time in prison. "If you're guilty, a two-year sentence is nothing, but when you're innocent it's difficult to stand."

of Uruguay, "where the people are marvellous" - unlike in France, where he says he was treated "like a war criminal". The right-wing ex-mayor contends he was the victim of a political witch hunt instigated by Francois Mitterrand. "I've said goodbye to politics," Medecin said. "I don't want anything to do with it. And I'm not seeking revenge."

Thirty-eight Buddhist monks at the Tharlam Monastery near Kathmandu have a new American "boss": Sonam Wangdu is from Seattle, Washington, and is only four years old.

Tibetan Buddhists recognise the boy as Deshung Rinpoche IV, the reincarnation of a Tibetan high lama who died in Seattle in 1987. The youngster is now known as Trulku-la, the Tibetan term for reincarna-

tion. His mother, Carolyn Lama, is an American Buddhist; his father, a Tibetan, died two years ago.

Trulku-la, who was enthroned in Nepal aged two, returned to the Himalayas on Sunday with his mother - plus a collection of action figures and some Disney videos - to begin a rigorous education.

Ms Lama eventually will go back home to Seattle, and the monks will be responsible for the boy's care. She says she'll miss him but won't worry. "He ordained most of them in his last life, and they love him. They've been waiting and waiting for him to come back."

Russia's No 1 hell-raiser, Vladimir Zhirinovskiy, is targeting his country's youth in his presidential campaign. His misnamed Liberal Democratic Party is sponsoring a 120-con-

cert tour by the hard-rock band Hell Raiser. "I like youths jumping on the stage in their torn jeans, taking off their jackets and embracing each other," the flamboyant nationalist revealed as the leather-clad band members looked on quietly.

Mr Zhirinovskiy's main rivals for the Russian headbanger vote, the Communists, have denounced rock music as a Western plot to corrupt young minds. But Mr Zhirinovskiy sees it differently. "Their songs are patriotic," he declared.

The pro-government Our Home Is Russia party seems to agree. During the parliamentary election campaign last autumn, the party brought in Western acts - including the rapper MC Hammer - in an effort to attract young voters.

Maryann Bird

Aboriginals track Ned Kelly reward

Brisbane (Reuters) - Descendants of Aboriginal trackers who helped to catch the Australian outlaw Ned Kelly in 1880 have gone to court to seek payment for his capture.

Saying their grandfathers were left to die in poverty, they lodged a writ in Brisbane Supreme Court yesterday. "These trackers, from Fraser Island [in Queensland], were used by the Victorian government to track down Ned Kelly in 1880, and were promised £50 each," a spokesman for Queensland's attorney-general said. "But the descendants now claim the trackers were never paid, and are suing the Victorian

government for non-payment and the Queensland government for not pursuing their salaries."

Descendants of two of the trackers want a share of the £8,000 reward paid for the capture of Kelly - plus 116 years' interest. The Fraser Island Aboriginal Land Council claims this could amount to £450m (£20m) for each tracker.

A spokeswoman for Victoria's attorney-general said a writ seeking damages from the Victorian government was first lodged in late 1994. But the government threw out the claim, saying the trackers' wages had been paid.

Tired Basques take a stand against separatist violence

ELIZABETH NASH
San Sebastian

The two camps faced each other in front of San Sebastian cathedral, separated by riot police whose identities were concealed behind balaclava-like masks. Each side, several hundred strong, stood silently behind its banners: one in support of hostages held by the Basque separatist group, Eta, the other demanding freedom for imprisoned Eta members.

When the cathedral clock struck the quarter hour, the hostage supporters burst into applause, the counter-demonstrators into catcalls, whistles

and insults. The stand-off takes place in San Sebastian several evenings a week, and reveals two things about the battle for Basque separatism, which in 27 years has claimed some 800 lives, including six in a huge bomb attack last December in Madrid.

First, despite the fear that grips many Basques, more and more of them are joining peaceful demonstrations against Eta violence. Last weekend 20,000 took to the streets in Bilbao; another 20,000 marched in nearby Logrono on Wednesday. Secondly, despite calls for dialogue across the Basque political spectrum, Eta is taking

an increasingly hard line. Among the peace demonstrators in the cathedral square was Joseba Eguibar, spokesman for the region's largest political force, the conservative Basque Nationalist Movement (PNV).

"There's a deadlock. People are fed up. They want the politicians to find solutions and we can't," he says. "Neither Eta nor [the pro-Eta party] Herri Batasuna has a Gerry Adams, and we can't invent one."

Eta yesterday claimed responsibility for kidnapping a prison officer, Jose Antonio Ortega Lara, who disappeared two weeks ago. They still hold Jose Maria Aldaya, owner of a

San Sebastian transport company, who was seized eight months ago, probably because he jibbed at paying protection money, or "revolutionary tax".

The organisation wants Madrid to bring nearer home 540 Eta prisoners who are dispersed in jails throughout Spain, and to declare them political prisoners. In the cathedral crypt, 15 relatives of Eta prisoners are on hunger strike. Among them is Ana Gil, 29, whose brother has served eight years of a 42-year sentence for being an Eta member. He is in Seville, at the other end of the country - or, in Ana's eyes, in another country.

"I try to visit him every fortnight, but it takes time and money. The prisoners are isolated, and the authorities pressurise them to renounce the struggle. They have the constitutional right to be in prison near home," she says.

Recently a more intransigent Eta and Herri Batasuna leadership has emerged, supplementing bomb attacks and kidnappings with street violence. As one local commentator puts it: "In all the splits they have suffered, the winner is the one that puts the pistol on the table."

As HB is gradually losing votes - it usually wins 15 per cent in the region - its radical youth

wing, Jarrai, has taken to the streets, harrying peace protests and winning recruits among marginalised youngsters, of whom half in the Basque country are unemployed.

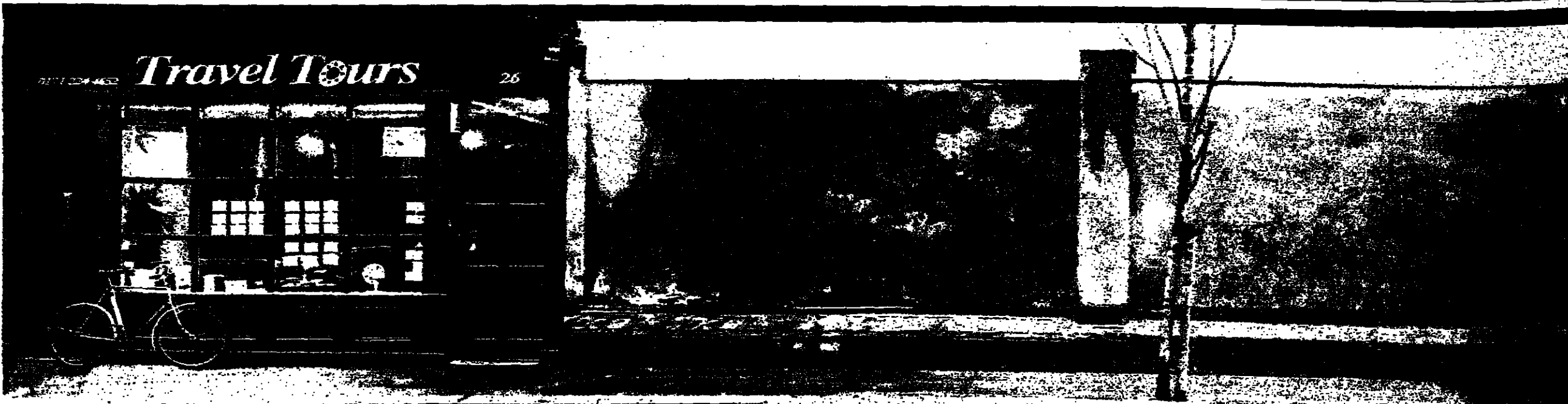
Joseba Alvarez, the son of an Eta founder, is a San Sebastian councillor and on the executive of HB. "We Basques are denied our historic rights to independence. We told Madrid in April that if they recognised our right to self-determination and our territorial integrity, Eta would lay down their arms," he said.

"The democratic means of liberating our country do not exist, so we have no alternative but to choose our own path, and

there will always be a section of people who choose the armed road." Even if this is represents a minority? "The rights of peoples aren't measured in terms of minority and majority. We are fighting for a free country."

While HB is separate from Eta, the organisations "share the same ideals and strategy", Mr Alvarez says.

Despite this uncompromising stance, Mr Eguibar of the PNV speaks for many when he says: "We have to talk. That doesn't mean dropping our trousers for Eta. Peace is more than a desire, it's a necessity, because our society is becoming more and more divided."



[If you don't listen to your customer

Sartre's old paper rescued by big business

STEPHEN JESSEL
Paris

The threat of closure which was hanging over *L'Express*, one of France's two national daily newspapers, has been lifted after the staff agreed to a financial rescue package. The deal has rescued the paper's journalists of much of their prior independence.

Almost 50 per cent of the staff voted to accept a 10 per cent pay cut, a capitalisation plan raising the share of capital held by the *L'Express* group, which has extensive interests in film and television from 12 per cent to 40 per cent and reducing the staff share from 45 per cent to 20 per cent.

The vote came after a gloomy recognition that the choice lay between accepting the plan and seeing the paper close.

In a separate vote, 90 per cent endorsed an independence clause which promised staff a vote in the future on any change of ownership. The right to elect their own representatives to the board was also secured.

'Terror' drives US diplomats from Mid-East

BERT FISK

Washington's decision on Tuesday to withdraw its embassy staff from Khartoum — from being just a response to another "terrorist" threat — presents another fundamental shrinkage of America's presence in the Middle East. Its departure from Sudan, at a time when the world is being urged to applaud Washington's success in an Arab-Israeli peace, means that not a single American diplomat remains more than half the land mass of the Middle East.

For the US now has no embassies in Afghanistan, Iran, Libya and — in a few days — Sudan. Its diplomats live in embassies in Algiers, Beirut and Cairo; US citizens are still banned from travelling to Lebanon and are advised to take special security precautions in Egypt, the West Bank, Gaza, and in the last 24 hours, in Saudi Arabia as well. The shrinkage will inevitably mean that US intelligence — never very impressive in the Middle East — will be even more ineffective.

The United States abandoned Iran after its diplomats were taken hostage by followers of Ayatollah Khomeini in 1980, and closed its compound in Baghdad after Saddam Hussein's invasion of Kuwait 10 years later. The departure of 30 US diplomats from Khartoum in a few days will mark the third time Washington has evacuated the Sudanese capital in a decade. In 1986, 200 American diplomats and dependants were

flown out of Khartoum after an embassy communications officer was shot and seriously wounded in the city; in 1993, more diplomats' families received State Department orders to leave after Washington put Sudan on a list of countries that "sponsor terrorism".

The latest evacuation follows the UN Security Council's demand that Sudan hand over three men who it claimed were responsible for the attempted assassination of President Hosni Mubarak of Egypt in Ethiopia last June. The men — all believed to be Egyptian — tried to kill the leader of America's most important Arab ally when he arrived in a motorcade to attend the Organisation of African Unity conference in Addis Ababa.

American diplomats from Khartoum will be relocated, according to the State Department, in a "neighbouring country" — probably Egypt, although Nairobi has been used as a bolt-hole in the past — to "maintain contact" with Sudan. No such evacuation, however, can be contemplated from Riyadh, where US sources claimed on Wednesday that they had received "new and disturbing reports that... American interests will be targeted by terrorists". US citizens were advised to watch out for letter bombs. Five American military advisers to the Saudi National Guard — responsible for Saudi Arabia's war against Islamist militants who claim the kingdom is corrupt — were killed in a car bomb explosion in Riyadh last November.

Washington's isolation with-

in the Middle East has been further increased by the renewal of the US travel ban on Lebanon, imposed after the 1985 hijack of a TWA jet to Beirut but allegedly maintained because of America's fear that "terrorists" remain in Lebanon. The State Department — which loyally followed Israel's demand for the disarming of Hizbollah guerrillas attacking Israel's occupation army in southern Lebanon — says that it wishes the Lebanese government to take further steps to hunt down the men who killed the US ambassador to Beirut in 1976, and 241 US servicemen in 1983.

Such demands are at odds with the scene in the Beirut supreme court, in which two Palestinians have been on trial for the 1976 kidnapping of the ambassador, Francis Meloy. Although the Lebanese authorities are asking for the death penalty against the men, one of whom has admitted driving the kidnappers' car, not a single US diplomat has turned up for the hearings. And since US citizens are more at risk in Algeria — where dozens of foreigners have been murdered by Islamists — or in Egypt, where an American is among those killed by Islamist gunmen — the travel ban on Lebanon looks more than ever political.

It has already cut the US out of the lion's share of post-war Lebanese reconstruction being gained by France, Britain, Germany and other European nations. Middle East Airlines, the Lebanese carrier, needs to renew its ageing Boeing 707s, but now seems likely to give replacement orders to Airbus.

Monster emerges from the deep



It is one of the world's most elusive creatures. Scientists trawling 1,400ft (400m) under the ocean have netted this giant squid — 26ft (8m) long and weighing nearly a ton. A research ship caught the creature near the Chatham Islands, 600 miles east of New Zealand. Steve O'Shea, a marine scientist at New Zealand's National Institute of Water and Atmospheric Research, said that the female squid is one of only 20 of this size known to have been caught during the past decade. Its tentacles stretch 13ft, and its head is nearly 6ft long. Scientists kept it in the ship's cold storage until the vessel returned to Wellington this week. Photograph: AP

international Syria peace hope tempts Peres to polls

MICHAEL SHERIDAN
Diplomatic Editor

Israel's Prime Minister, Shimon Peres, yesterday gave a clear indication that he may call an early general election to win a new mandate for his Labour government and spur on peace talks with Syria.

Israeli officials close to the Prime Minister said they believed the balance of probability now favoured an election before the scheduled date of 29 October. There have been fierce arguments inside the government over the best tactical timing for the polls. Labour has held a commanding lead over the opposition Likud party since the assassination of Yitzhak Rabin on 4 November last year, but the gap may be narrowing.

Mr Peres, speaking on a visit to London, said he believed there were political and economic factors that pointed towards the desirability of an early election. "I feel we have to have a renewed mandate," he said. "Usually I would like to see the election take place on time, but there are some considerations... that might make for an early election."

The Israeli leader said he would make his calculations on the basis of his policies, not his daily performance in the opinion polls. "I think popularity is like a weather forecast," he said. "It's good for the day it happens, but you don't collect weather forecasts to make a biography."

Mr Peres revealed that the latest round of talks between Israel and Syria in the US had "gained a character of total informality", and included wide-ranging discussions on economic co-operation, the

normalisation of relations and water issues.

The Israeli leader's assessment conflicted with that in yesterday's edition of the Syrian official newspaper, *Al-Thawra*, which accused Israel of making "impossible and provocative demands regarding the security arrangements". The talks wound up on Wednesday at the secluded Wye Plantation, near Washington, without any breakthrough that might help Mr Peres with the voters.

None the less, Mr Peres insisted yesterday that "it is only a matter of time" before we have peace with Syria, and said he expected progress during the next visit to the Middle East by the US Secretary of State, Warren Christopher.

The two foes remain divided over the extent of an Israeli withdrawal from the occupied Golan Heights and the nature of the security regime accompanying a settlement. Syria says the military arrangements ought to be "balanced and equal", but there is disagreement about the symmetry of troop deployment. Israel is worried about its narrow band of territory in Galilee, and Syria about the short distance between the front line and its capital.

Mr Peres was travelling to the World Economic Forum in Davos, Switzerland, after meeting John Major, Malcolm Rifkind, the Foreign Secretary, and senior members of the Shadow Cabinet in London. He described relations between Britain and Israel as "exceedingly friendly" and said, without elaborating, that relations between the British and Israeli defence establishments were growing. British sources described the talks as warm and co-operative.

Colombo vows to hit back at Tigers

ROHAN GUNASEKERA
Reuters

Colombo — Sri Lanka's Justice Minister, G L Peiris, vowed yesterday to intensify military operations against Tamil Tiger rebels after a suicide bomb in the heart of Colombo killed an estimated 80 people.

"This calamity underlines the paramount need to defeat the LTTE [Liberation Tigers of Tamil Eelam]. Military operations will be intensified in the north and east," Mr Peiris said. "The government also believes, if its strategy is to be successful and the LTTE is to be overcome, there must also be a political initiative to offer justice to all sections of our people," he said, referring to a government peace plan.

Colombo's general hospital, crowded with people searching for relatives who might be among the injured from Wednesday's bomb attack, said it had 60 bodies in the morgue. Police supervising rescue work at the central bank and seven nearby buildings gutted by the blast said eight charred bodies were unearthed from the rubble yesterday morning. They said rescue workers expected to find at least a dozen more.

The toll could rise further, with at least 100 critically injured in hospital. The acting national police chief, Mithra Ariasinghe, said nearly 1,300 people had been hurt and more than 900 were still in hospital. The 440lb (200kg) truck bomb was aimed at the central bank in what officials said was an attack on the Sri Lankan economy.

Criminal Investigation Department officials said two men, captured along with rifles, bomb-making kits and radio transmitters, had identified themselves only as Ragunathan and Kutti. They were said to have identified the suicide bomber as Raj. Security forces were still searching for other hit-squad members who had arrived from the north on 8 January, Mr Ariasinghe said.

The government had been expecting an attack in Colombo ever since security forces seized the Tiger stronghold of Jaffna in December, the biggest setback for the rebels in their 13-year war for independence in the north and east.

Venice blaze fires tenors with the love of applause

ANDREW GUMBEL

The smoke has barely cleared from the ruins of La Fenice, the Venice opera house which burned down this week, and already the world's most famous tenors are competing for the right to become the "saviour" whose charity efforts will rebuild the theatre in double-quick time.

Luciano Pavarotti did not waste a moment in putting his name forward, announcing to the world's media while the flames were still raging on Monday night that he would stage a concert in St Mark's basilica — singing alone, as he look great pains to emphasise.

His great rival, Placido Domingo, was not to be outdone so easily, however. Yesterday he announced from Buenos Aires that he would take the lead role in a production of Verdi's *Oello*, which is partly set in Venice, right outside the basilica in St Mark's Square.



Domingo: will sing to save opera, but not with rivals

in teaming up with any other big names. "If every artist sings on his own, he can raise more money that way," he said.

Both announcements seemed suspiciously hasty, since it was clear the two tenors had not had the time to consult or seek permission for their respective plans.

Instead, one detected a distinct whiff of the deep rivalry that has riven the two men since they shot to popular international fame as the voices behind the World Cup in Italy five-and-a-half years ago.

Together with Jose Carreras, Pavarotti and Domingo made up the "Three Tenors", whose concerts before the 1990 and 1994 World Cup finals were huge successes and sold millions of records. Since then, Pavarotti in particular has tapped the popular market, linking up with the likes of U2 and Sting. On Monday night he was in Turin in preparation for a centenary performance of Puccini's *La Bohème*.

The truth is, though, that both Pavarotti and Domingo are reaching the end of their operatic careers. The operatic world has a time-honoured tradition of cashing in on the commercial market before slipping into retirement. They may indeed be genuinely sorry about the destruction of La Fenice, but it also presents them with the perfect opportunity for publicity.



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Want a 17% tax rate?

Steve Forbes may be a geek. But, as Rupert Cornwell explains, his idea for a single, flat-rate tax has made him the hot candidate of the presidential primaries. Diane Coyle asks whether it could work here.

Maybe the fiscal advisers of the Almighty should be credited with the idea. The notion of a flat tax, which according to some polls has made Steve Forbes the hot Republican candidate in the early stages of this year's presidential elections, is not new. If Mr Forbes, who is the front-running Republican candidate according to some polls, had set the rate of his proposal at 10 per cent, he could have called it the tithe - the Church's flat tax of medieval times. In the modern era, economic supply-siders and libertarians have frequently toyed with the idea. Back in 1992, the eccentric former governor of California, Jerry Brown, made a 13 per cent flat tax part of his campaign for the Democratic nomination. The derision was almost universal, but in the end Brown proved to be Bill Clinton's most tenacious challenger.

Today, on the opposite end of the political spectrum, the pattern is repeating itself. Mr Forbes, a multimillionaire magazine publisher whose first-hand campaign experience could be conveyed on a blank sheet of paper, has made a 17 per cent flat tax the centrepiece of a run for the White House, which seems less improbable by the day. Install a flat tax, says Mr Forbes, and an individual's tax return form will be downsized from a magazine to a postcard, the IRS (America's equivalent of the Inland Revenue) will lose much of its *raison d'être*, and the special interest groups which clog the arteries of government demanding tax breaks and concessions would wither and die. The lobbyists who cram Washington pressing their interests would be out of jobs.

No one likes taxes but Americans hate them and, not surprisingly, they are listening to Mr Forbes's siren call. From nowhere, Mr Forbes has shot into the lead in the state of New Hampshire, scene of the first of the series of primary elections to select the Republican candidate.

Mr Forbes has pushed tax reform to the top of the national agenda. Two of his presidential rivals and a blue-ribbon Republican Congressional commission have endorsed variants of the idea. A third Republican candidate, Senator Dick Lugar of Indiana, would go further still: he would abolish income tax and replace it with a sales tax. Even Democrats concede it is time to simplify the tax code.

The Forbes plan would sweep away the income tax bands of 25 and 33 per cent, as well as the mountain of special exemptions for money given to charity. Most importantly, it would abolish exemptions for mortgage-interest payments.

In the place of the complex US tax system, there would be a single rate of tax of 17 per cent for all individuals and corporations. For families, the first \$36,000 of income would not be taxed; so poor families would be taken out of the tax net altogether. There would be no tax on savings, dividends or other unearned income.

So far, so good. But the flat tax is double-edged. Unabashedly, Mr Forbes concedes that a flat tax means less tax - for everyone. From which it follows that, barring spending cuts of which even the most hawkish Republican dare hardly dream, the government budget deficit will increase. And if there is one thing the American public feels more strongly about than taxes it is balancing the budget.

The most authoritative estimate so far, from Alvin Rabushka and Robert Hall, two Californian academics who wrote a 1985 book on the subject, is that the "pure" version of flat tax advocated by Mr Forbes will raise the deficit by \$182bn. If the Treasury is not to lose revenue, they say, the flat tax must be at 19 per cent, and the amount of income that goes untaxed must be fixed at \$25,000.

Nonsense, Mr Forbes retorts. Freed of its burdens, the US economy would take off as never before, bringing a windfall for the Treasury that would more than compensate for revenues initially lost through the lower tax rate.

Alas, the US has been round a very similar course before. Ronald Reagan, whose optimism if not oratory Mr Forbes shares, was the last great proponent of supply-sideism, memorably if unavailing dubbed "voodoo economics" by George Bush in that 1980 election campaign. Under Mr Reagan the economy grew, but so did the deficit. "Déjà voodoo," mock the critics of the Forbes plan, hastening to point out for good measure that the biggest beneficiaries of a single tax band would be people like Mr Forbes, with an estimated fortune of \$450m and substantial unearned income. In the words of Pat Buchanan, another Republican contender, it's an idea dreamt up by "the boys at the yacht club".

Ab yes, says Mr Forbes, but with a flat tax the rich would lose the loopholes created to pander to their special interests. According to the Washington-based Tax Foundation, Americans who make \$200,000 (£133,000) or more a year pay tax of 28 per cent. Forbes would give them a big tax cut.

While helping the very well-off, the flat tax would hit the middle classes by removing the supreme perk of middle-class, home-owning America, the mortgage-interest deduction. By a two to one margin, according to a *Time* magazine poll, Americans disapprove. Yet another Republican candidate, Senator Phil Gramm of Texas, is therefore trying to trump Mr Forbes with a 16 per cent flat tax retaining the charity and mortgage deductions. It would send the deficit into the outer atmosphere.

Amid the smoke and thunder, only one prediction can safely be made: the flat tax will not be enacted in anything like the mooted form. Many Republicans oppose it, so do the bulk of the Democrats. Forbes's lasting contribution might be to hasten a simplification of the tax code. That and possibly throwing open the Republican race to fight Bill Clinton.

RC

Pay tax at a rate of only 17 pence in the pound, whatever your income. Sounds appealing? The idea of a flat tax is the brainchild of the radical right across the Atlantic, yet Britain's tax system is already much closer to a flat tax. It is that which makes the argument for adopting it here less compelling.

A flat tax means a much lower rate for everyone - individuals and companies alike - paid for by the abolition of special allowances and exemptions. Its message is alluring: by simplifying the tax system you can lower the overall rate of tax and in the process liberate the entrepreneurial spirit of a nation.

A flat tax is proportional. It takes the same share of people's income at all levels. Even if you earn £100,000, the next £1,000 you earn would be taxed at 17 per cent. By contrast under a progressive system such as Britain's that extra £1,000 would be taxed at 40 per cent.

The other main point about a flat tax is that a generous basic allowance would keep low-income families out of the tax net altogether. Under the Forbes plan families earning less than \$36,000 would not pay tax at all. Apart from that however there would be no exemptions, for savings, pensions, mortgages or healthcare plans. The money saved by abolishing these exemptions would fund the cut in the basic rate of tax.

Ironically Britain is closer to Forbes's tax nirvana than America. "Britain already has a flat tax with an exemption for the low-paid," says John Kay, an economist with the consultancy London Economics. Even though there are three times as many higher-rate taxpayers as in 1979, only 5 per cent of taxpayers pay the top rate of 40 per cent. The lower rate of 20 per cent introduced by Kenneth Clarke in 1994 has complicated the tax structure, but the bulk of most people's income is taxed at the basic rate of 24 per cent. In addition, there are far fewer exemptions in Britain whose abolition could fund a significantly lower flat tax rate.

The case for going the whole hog for a flat tax would have two strands. One would be to make it easier for people to work out their tax bill while also closing loopholes which allow them to avoid paying their due.

Jonathan Leape, a London School of Economics tax expert, says downsizing the tax avoidance industry which feeds off a more complicated system is a powerful argument for simplification. "Tax avoidance is a sheer loss to the economy. It employs people in activities that add no value at all," he says.

The second rationale for a flat tax is that it would improve incentives to save. At present, the British save out of their after-tax income and then are taxed on the returns to their saving. They pay the taxman less if they spend instead of save: an incentive to do the former.

Making saving more attractive is one of Forbes's aims. Yet in Britain we do not have anything like the penalties to saving they have in the USA. According to Andrew Dilnot, director of the Institute for Fiscal Studies: "We are moving towards a tax rate of zero on savings." Savings plans such as *Isas* are tax-free and some forms of saving in Britain - pensions and housing - even get a subsidy.

It is because the British tax system is relatively simple and doesn't penalise saving that a flat tax has little attraction here. The other main argument against it is that it would benefit the richest most, by delivering a big tax cut for those on high incomes.

"The only motivation for a flat tax in the UK is wanting to cut tax rates for those on high incomes," says Mr Leape.

That of course is precisely the aim of the British right. "What remains contentious in Britain is whether there should be a higher rate," says Barry Bracewell-Milne, tax expert for the Institute of Economic Affairs, a free-market think-tank. In America, he says, there is a tradition of hostility to progressive taxation. The notion that the tax system should be used to redistribute money from the well-off to the poor has little hold in the US. In Britain it still does.

Conservative plans would make the British tax system more like a US-style flat tax. The Conservatives have made a 20 per cent basic rate their aim, and would also like to reduce the higher rate.

Labour's plans would make the tax system more progressive but also more complicated. Shadow Chancellor Gordon Brown has announced plans to cut tax for those on low incomes to 10 pence in the pound. Many suspect Labour would also increase the higher rate of income tax. Either move would make the structure of tax rates more progressive than it is now. Even that would not change the broad outline of the simple structure and low tax rates of the British system.

As far as tax goes America still has some catching up to do.

DC

DIARY

Pretty shoddy, Portillo

I would not recommend Michael Portillo to loiter too close to the Lords at present. One of their number rang me



Who, me? Making enemies in a high twitch yesterday to say that the Portillo name is mud in that chamber.

The problem? It seems that in his entire political career Portillo has only ever put two important Bills through Parliament: the first being last year's Jobseekers' Bill; the second is the Reserve Forces Bill, which is just going through. But in both cases the original Bill has been so badly drafted that it has had to be re-committed - that is, redrafted and re-presented to a committee before making it through to the Lords for debate.

"It is a pretty shoddy performance," says my disgruntled noble lord, "and all parties here are very fed up with him."

But isn't this a tad unfair? Surely, it's up to the parliamentary draftsmen to sort out the fine print. "It is not," an equally angry whip tells me. "The responsibility to get these Bills right before they enter Parliament belongs to the minister. The draftsman just follows his or her instructions."

Enemies in the Admiralty, enemies in the Lords... 1996 has not begun well for the darling of the right.

The Prince and the what?

The Prince and the showgirl? Pub-leese. It's the prince and the actress. I'm glad to find Patricia Kirkwood upholding the traditions of actorly hauteur.

In a letter to the *Daily Express* this week, she scotches the myth that has resurfaced in the press recently of a relationship between herself and Prince Philip. It is a myth that has dogged and distressed her for 10 years, she says. And she adds, giving vent to 10 years of irritation: "Incidentally, I was never a 'showgirl' and neither was I a 'dancer'. I was an actress and singer, as described in two volumes of *Who's Who in the Theatre*."

Quite right. It just doesn't sound quite so catchy in a headline.

Ally behind the scenes

I am much moved by a stirring article in yesterday's *Daily Telegraph*. In it the journalist Barbara Amiel, wife of the *Telegraph's* proprietor, Conrad Black, makes a passionate case for the Royal Opera House in the light of recent criticism.

"It is home to the finest ballet company in the world," she reminds us, "and one of the finest opera ensembles as well." The average price of an opera ticket may be £67, but, she argues, that can't begin to cover the cost of production.

In lyrical vein she claims that the dancers Darcie Busell and Sylvie Guillem "take us into a world of such incandescent beauty that even spring flowers cannot match their radiance."

She then moves on to a more metaphysical level altogether. "Giving funds to

opera when you don't like it is akin to giving to a charity for an illness that one will never get. My age and childlessness does not stop me from contributing to childhood leukaemia..."

It can only have been pressure of space, I'm sure, that caused both Ms Amiel and the *Daily Telegraph* to neglect to



Guillem: incandescent

mention that the author is a member of the Royal Opera House Trust. According to the Royal Opera House's literature, the trust was "established to support the work of the Royal Opera House and its three companies... The Royal Opera House is extremely grateful for this support."

MPs drink to the Czechs

The arduous workload of our underpaid MPs: part II. On Wednesday night the honourable gentlemen and a few ladies packed the large Jubilee Room at the Commons for the fine and upstanding cause of supporting Czech Heritage. The particular aspect of Czech Heritage turned out to be that country's beer heritage. The free and lengthy beer-tasting session (sorry, heritage support meeting) went on well into the evening.

Welsh Water's dry humour

Welsh Water was in bullish mood yesterday when it officially took over South Wales Electricity in a £853m deal. The water company's chief executive, Graham Hawker, went on BBC Wales's morning radio bulletin to announce that the new company so formed would be called Hyder, the Welsh word for confidence. In the town of Brecon, home to Welsh Water's head office, the townsfolk would have been glowing with confidence and pride over their morning tea, were it not that the latest in a series of leaks had resulted in all the water being turned off.

Eagle Eye



Generation Why
by Tony Reeve and Steve Way

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Why graduates should pay more

For a bunch of academics, the university vice-chancellors are becoming rather good at politics. They meet today in London to discuss their proposal to make every university student pay a £300 registration fee. Oxford and Cambridge are considering even higher charges. They have provoked exactly the reaction they wanted – suddenly everyone is talking about a university cash crisis.

The vice-chancellors have a point. It is a great achievement that the number of graduates from higher education has risen from 98,600 in 1985 to 227,000 last year. At the same time, the funds available per student have fallen by 28 per cent, and last year capital expenditure plans were cut back by 47 per cent. Meanwhile, efforts to maintain quality are soaking up thousands of teaching hours.

Academics are not known for their high productivity. Yet in the past few years there have been impressive improvements in efficiency in higher education. Further productivity gains will be more difficult to generate without endangering quality. So the vice-chancellors realise that they have to find fresh funds. The question is: from whom?

Graduates should contribute to the cost of their education. Most of them earn considerably more than their degree-free contemporaries, thanks in part to the £12,000 to 15,000 each in tuition fees invested in their education by the taxpayers. Part of that investment benefits society as a whole, but a fair share goes to the students. They should pay some of it back.

The trick is finding a fair way for students to pay while maintaining open and equal access to university. The vice-chancellor's proposed registration fee is not

the right answer. Parents would end up having to fork out, placing children from poorer families at a disadvantage.

A loan scheme could partly solve the problem. Students can borrow on favourable terms and defer the repayment until they are earning. The existing Student Loans Company could be extended so that students can borrow to cover their fees as well as their living costs. Another option would be to follow the Australian model and collect the repayments through the tax system.

Yet all loan-based systems have a flaw. Do we really want our 18-year-olds to start adult life with a daunting debt, the size of which might put them off higher education altogether? Fixed limits on loans are not fair: some people get far bigger financial rewards from their education than others. An Oxbridge education is more likely to smooth your way into a highly paid job than a stint at the University of Luton. A loans system does not reflect these differing returns to educational investment: graduates of Oxford and Luton would pay back the same sum.

The fairest way to reflect these differences would be through a graduate tax, for instance, an extra 1 per cent on income tax for all graduates earning more than £15,000 for the first 10 years after graduation. Those who used their education to earn more would pay more back to the taxpayers who funded it. The vice-chancellors are wrong to propose a registration fee. The Government is wrong to deny that funding of higher education does not need radical overhaul. It should get its head out of the sand and start just such a review to create a new graduate tax-based funding system.

Bringing the lottery bigwigs to book

For more than a year, most of us who've played the National Lottery have lost a small sliver of money. We are transfixed by the prospect of winning but fairly bored by how the money we lose is being spent.

Every so often another list of lottery grants is announced. Their decisions are frequently greeted with bemusement. Does anyone understand why it was a top priority to further enrich the Churchill family with £12.5m for Sir Winston's papers?

The Government has designed the lottery as a way of raising money for a variety of causes. Yet it has not established a proper machinery to make sure the money is spent in a way that people support. Taxation and government spending is at least scrutinised by the House of Commons. But the vast sums generated by the lottery slush through unknown agencies, staffed by anonymous people, who seem to be barely accountable to anyone.

How many people, for example, know that David Sheff, director of Marks and Spencer, is chairman of the body that distributes lottery cash to groups fighting poverty? Has he ever had to put forward a manifesto, outlining his priorities and asking for public approval?

It is not unusual that an elite should be charged with writing huge cheques to dole out millions of pounds of other people's money. Governments do it all the time.

The extraordinary aspect of the lottery is that those in charge of distributing its funds are subject to minimal public scrutiny. During the lottery's first year,

the lottery boards were asked to dispense £1.2bn to sports, arts, heritage sites, the millennium celebrations and charities. That would be enough to fund a considerable tax cut.

Now at last, those in authority are to take a look at the books of cheque stubs that have been accumulating at the five boards that spend this good cause's cash. As reported in the *Independent* yesterday, the National Audit Office, the public finance watchdog, is planning to examine how the money has been spent.

All very well but it would have been better had these issues been debated more openly in advance. And the NAO is not rushing into the investigation. Its report will not be ready until next year. It will tackle the difficult questions about who spends the cash only after dealing with more mundane issues such as whether all those £1 wagers collected in shops are being properly handed over to the Government.

The NAO should get down to the important issues more quickly. By next year the "good causes" boards will have spent nearly £3bn without making any of us much the wiser as to their mysterious workings.

Nor should the NAO be shy about suggesting new ways of making these boards responsive to public opinion: too many of them at the moment are stuffed with bankers, politicians and businessmen appointed by ministers. We should stick with an old motto and demand – no spending without representation. A much wider review of who decides how lottery money is needed. The NAO investigation should be just the start of that inquiry.



Nurses never understand: their vocation is to work, ours is to make money

LETTERS TO THE EDITOR

Practical preparations for Britain's ageing population

From Professor Michael Lye
Sir: Nicholas Timmins's report "Value of home should fund care in old age" and your leading article "Why didn't you save more, Grandpa?" (30 January) were unduly pessimistic in painting a picture of increasing and inevitable decline in our old age.

Old people become dependent and require nursing home support not because they are old but because they are ill. Our own everyday experience recognises that not all old people are helpless. Indeed, the majority are fit and well and living in their own homes. It is estimated that fewer than 5 per cent of old people in the UK require institutional care and this proportion is unlikely to change though, with increasing numbers of older people in the population, the absolute numbers in need of care will increase in the next century.

Your solution of public or private insurance for long-term care in old age ignores an alternative approach. Geriatric medical services oriented to the specific problems of old age are beneficial but, in truth, all doctors require experience and training in the management of disease in elderly patients. They should obtain this experience as undergraduates and it should continue throughout their training.

The role of strong academic departments of geriatric medicine in each medical school is particularly important in this regard. Throwing money, in whatever form, at the problem is no solution – the problem itself requires attention.

Yours faithfully,
MICHAEL LYE
Head of Department
Geriatric Medicine
The University of Liverpool
Liverpool
31 January

From Mrs Sarah Turff
Sir: I am 50. I have worked since I was 17, paying my taxes, helping to fund all the pensions of previous generations. Today I am told there will be insufficient taxpayers among younger generations to fund my pension. I must make my own provision.

In other words, I and my generation are caught in a trap: we must pay for the elderly now and make provision for our old age. I am attempting to do so but, quite apart from the obvious unfairness, what really sticks in the craw is the total lack of any guarantee that there will be a pension for me to collect.

The latest illustration from my pension company of the lump sum I can expect at 65 shows a fall of £30,000 on the same illustration

a year before. The only answer, it appears, is to invest yet more money. We shall, all of us, be hit because the pension companies are going to have to reimburse all those to whom they gave bad advice; and where is that money coming from – our pensions, of course.

Until the Government introduces proper regulation to safeguard pensions and to ensure that what we invest will be worth having at retirement, few of us are likely to save more, Grandpa.

Yours faithfully,
SARAH TURFF
King's Lynn, Norfolk

From Ms Anna Coote
Sir: The new Partial Equity Release Insurance scheme, proposed by the Institute for Public Policy Research as a way of paying for long-term care, need not be half as costly as Polly Toynbee suggests in "How to collect your inheritance early" (31 January).

People who purchase insurance by committing a pre-agreed proportion of their housing equity do not have to sell their homes until after their death, even if they go into residential care. A single woman aged 65 with a house worth £60,000 would have to commit no more than 23.9 per cent of her equity.

Various government measures

to back the scheme, which are either budget-neutral or low-cost, could reduce this to 15.8 per cent. Couples, for whom the cost is higher, could negotiate no-claims bonuses based on their commitment to care for each other without making a claim, until one dies. People whose houses are worth more than £60,000 would obviously have to commit a far lower proportion. On these terms, a gamble on death striking before disability may seem less attractive.

Yours sincerely,
ANNA COOTE
Deputy Director
Institute for Public Policy Research
London, WC2
31 January

From Mr David Wilder
Sir: Polly Toynbee's article was interesting but flawed by a silly generalisation. Our daughter is unmarried and supports a large mortgage in a socially deprived area of London. Deep into negative equity, her only way out will be to inherit our home. Our hope for her to do this is surely not ignoble? There will be no BMW or Caribbean holiday for her. Just an escape from a trap.

Yours faithfully,
DAVID WILDER
Henley-on-Thames, Oxfordshire

Representative salaries

From Professor G. F. Elliott
Sir: Fighting as a candidate the general election in 1970, I happened recently to have been appointed as a professor. In response to the inevitable remarks from electors that "you politicians are only in it for the money", I could truthfully then say that were I elected, I should lose about one-third of my income, in transferring from my university to Westminster.

A quarter of a century on, I see that MPs now earn about nine-tenths of my current professional salary (with a lot of perks that I do not enjoy). They now want an increase of up to 100 per cent. So what about us professors?

Yours sincerely,
G. F. ELLIOTT
Oxford Research Unit
The Open University
Oxford
1 February

From Mr J. R. Brown
Sir: I think it was about 15 years ago that my salary, as head of department in a large secondary school, was a few hundred pounds less than that of an MP. Now, in the same post – though not in the same job, as the workload has increased dramatically – my salary is more than £11,000 lower than an MP's.

I do not think any comments necessary.
Yours faithfully,
J. R. BROWN
Wendover, Buckinghamshire
1 February

Motion against LT 'barbarity'

From Sir Russell Johnston, MP
Sir: I read with dismay and growing disgust your report on the 10 year fight by King's Cross fire victim Ron Lipsius to be awarded compensation by London Transport ("Out of the fire and into a legal inferno", 31 January).

One tends to feel very powerless as a spectator in these situations, and there is little that can be done to make the legal wheels grind any faster. But I have tabled a motion that should mean this matter will receive some attention in the House of Commons.

The motion unreservedly condemns the crude, careless indifference exhibited by London Transport and their legal representatives. It calls on the Government to consider how such cases can be dealt with in a civilised, compassionate way rather than by the legalised barbarity to which this innocent person has been subject.

Yours faithfully,
RUSSELL JOHNSTON
MP for Inverness, Nairn and Lochaber (Lab Dem)
House of Commons
London, SW1
31 January

Train-spotting

From Mr Kirk Martin
Sir: I see from the *Business pages* of the *Independent* today that Railtrack is to be sold off for between one and a half and two billion pounds. The other day, I was reading, also in the *Independent*, that the Thomas the Tank Engine empire was worth some two and a half billion pounds. There must be a moral somewhere in this figures.

Yours sincerely,
KIRK MARTIN
London, SE22

Virgin denial

From Mr Richard Branson
Sir: Your editorial (Business, 30 January) was based on the assumption that the original source of leaks surrounding the Channel Tunnel link was Virgin, or London and Continental Railways, in which Virgin is a shareholder. In fact, stories have been circulating for some weeks to the effect that London and Continental may be the front runner, but I have not spoken to any newspaper on the subject, and no one from our organisation has attempted to solicit the recent coverage of this matter.

Your piece also made other claims that Virgin has never made. For example, that we claimed victory before the announcement of Channel 5. We did not. In fact, we did not necessarily expect to win, but we did not expect to lose without a proper explanation when we knew the quality of our bid was good. We subsequently established that it had been passed by officers of the ITC.

By the way, London and Continental is not a "Virgin" consortium, and neither I nor any of the shareholders have ever claimed that it was. As for who does win the competition – we will all know soon enough.

Yours sincerely,
RICHARD BRANSON
Chairman
Virgin Group of Companies.
London, W8

Bespoke funerals still available

From The Rev Martin Leigh
Sir: In your editorial today ("Say goodbye to the British way of death"), you write about what you do not know, and not, apparently, does Lord Young of Darlington ("Charter for the Dead" targets funerals", 1 February).

This church, like the vast majority in the land, deals with most of the funerals in the area it serves. We took more than 400 last year. Just about every family was visited beforehand and most afterwards, too. All the ministers here attempt to find out about the life of the deceased, and to talk about him or her at the service.

Most undertakers are calm, courteous and efficient. Otherwise they would be out of business.

The valid point you make is the "sausage-machine" quality of crematoria. Our local one forces us into 20-minute slots when it is busy, and that is too short.

Occasionally someone takes or organises something that is faulty and, therefore, disastrous. Then, quite rightly, there are complaints. If the great and the good (like yourselves and Lord Young) fall into this category, they make a huge fuss and generalise from a very limited experience. Perhaps you might commission some market research to see how ordinary people view these matters of life and death.

Yours faithfully,
MARTIN LEIGH
Team Rector of King's Norton
Birmingham
31 January

Bahrain democrat

From Mr Mansoor Al-Jamri
Sir: Michael Sheridan ("Zionist" TV jibe intensifies Gulf dispute", 30 January) describes me and a friend of mine as "radical Islamic opponents". This stereotypical description is unfair and unnecessary. Perhaps, Mr Sheridan intended to add a hyperbolic flavour by employing a catch

phrase extracted for the title of an interview with Qatari TV. The Bahraini pro-democracy opposition has been calling for the restoration of the dissolved parliament, and this opposition is a broadly based one, comprising Islamists (both Sunni and Shia), liberals, men and women.

Yours faithfully,
MANSOOR AL-JAMRI
London, NW2

Thirteen and the Taciturn Twelve, etc.

The Eclectic Eighteen
An intriguing bunch of children who all go on holiday together but can never quite decide which method to use to solve the many mysteries they encounter. Some of them favour deduction, some lean towards intuition, while Jools (a girl who really wants to be a French bloke called Jules) is all in favour of bursting in with guns blazing and asking questions afterwards.

Their most memorable adventure is in *The Eclectic Eighteen and Mystery Castle*, where they finally discover that the lights blazing in the supposedly empty castle were left on during the previous weekend by the Forgetful Fourteen.

The Nardissistic Unseen
Perhaps the most unusual of all the Blytonian aggregations, this gang of children go on holiday together to indulge in a lot of preening and mirror activity, and are too bound up in themselves even to notice the blazing lights in the castle opposite.

The most unusual character is Dorian the dog, who stares at his reflection constantly and wishes fervently that he was himself, which he does not realise he already is.

Metamorphosis of the Existential Eleven

For a long time, Enid Blyton was held up to ridicule as the worst kind of bland children's writer, but slowly critical opinion has turned round to see her as a landmark in juvenile literature.

Naturally, as the process accelerates, people will start wanting to know if there is more to her than just the familiar stuff, and whether she wrote any other books outside the well-known ones about the Famous Five and the Secret Seven. Are there any other Blyton gangs still to be discovered?

Well, yes, there are, as a matter of fact, plenty of them. Here are just a few of the less well-known Blyton set-ups.

The Existential Eleven
Heroes of a series of early stories, when Blyton was still under the influence of continental philosophy, these are very different from her later characters. Whereas Julian and Dick and George are always eager for adventure, the Existential Eleven – Jean-Paul, Jacques, Simone, Hubert, Hubert's fls, Anne-Marie, Marijanna, Rose-Marie, Marie-Rose, Marie-Devil, and Descartes the dog – are always doubtful about the efficacy of action in any one context, and fearful of making the choice that will



MILES KINGSTON

determine the rest of their lives. In a story like *The Existential Eleven and Jackdaw Castle*, for instance, the 11 children are on holiday when they notice mysterious lights in the supposedly uninhabited castle opposite. Initially tempted to investigate, after a long discussion they finally decide to ignore the castle and carry on with publishing the philosophical journal for teenagers that they are trying to launch. Much later they find that the lights in the castle were caused by unauthorised campers, which seems to justify their indecision. Or does it?

The Sovereign States
Meeting up while they are on holiday, 16 children find that they are all named after kings or queens of England, so they decide to set out and conquer the world. But first there is the mystery of Pirate Island.

Why are there lights at night in the windows of the abandoned castle on Pirate Island in Brid Bay? Together, Henrietta, Ethelred, Harold, Anne, Liz, Matilda, George, George II, George III, George IV, Edward, Arthur, William and Mary, Richard and Wallis Simpson the dog decide to investigate. They find to their amazement that the lights belong to a circus that is practising for the new season in secret on the island, and they are invited to join the circus as stable lads and trainee trapezists.

"Rather!" says Henrietta, who is actually a boy called Henry who would rather be a girl, and they all go off with the circus and are never heard of again.

The Suicidal Seventeen
This world-weary and rather despairing gang of girls and boys (plus Whiskers the dog, who hates being a dog and prefers to be thought of as a cat called Whiskers) are the heroes of an unlikely series of tales.

In these adventures, little caring if they live or die, the children tackle the most murderous types of villains in the most dangerous kinds of derelict castles. As their numbers gradually decrease, they start to reappear in other stories as the Fearful Fifteen, the Fatalistic Fourteen, the Thrawn

Don't misjudge Europe's real mood



It may suit British sceptics to believe EMU is now an irrelevance – but it isn't true, warns Leon Brittan

A wave of wishful thinking, selective reporting and premature gloating is distorting Britain's perception of the European monetary union project just when we most need to keep our wits about us. Britain must decide at some time in the next few years whether it suits our interests to join a single currency or not.

It is on the pros and cons of joining that Britain's industrialists, politicians and ordinary citizens should be concentrating their thinking. Instead, we are effectively being told that we do not need to think about it any more for the deadline and the terms are unravelling, just as the British always said they would.

It is consoling to be told that you do not need to answer a difficult question, but it can be dangerous to duck out of it that way. Sound policy-making requires a much less self-serving view of what is really happening in Europe today.

The wishful thinkers argue that the voyage towards monetary union is finally hitting the rocks of economic reality as key Germans, French and other Euro-enthusiasts are voicing doubts about the timetable and, indeed, the very project itself. They gleefully point out that even the grand architects, former French President Valéry Giscard d'Estaing and former Commission President Jacques Delors among them, are starting to admit the folly of their construction.

But hang on. Only yesterday Mr Delors said just the opposite: "Solidarity is what any delay in applying the treaty [on EMU] would be a catastrophe, for European integration as well as for the management of currencies... to want to soften the criteria is counterproductive." And only two days ago, Giscard reiterated his determination to see the 1999 deadline respected.

Across the Rhine, Günther Rexrodt, Germany's economy minister, said: "I am firmly convinced that we must adhere to the agreed plan with the start of EMU on 1 January 1999, and to the convergence criteria as they were agreed in Maastricht." The French and German governments have officially echoed this view, as did most of the European Union's foreign ministers at their meeting on Monday.

According to another legend, the gods cursed Cassandra with the ability to predict future events but never to be believed. There is a tendency for the British to feel touched by the same curse when it comes to Europe, and never more so than now. The British have every right to their own views on the merits of the timetable of a single European currency. Indeed, the natural scepticism and pragmatism of the British are much-valued assets in the EU – they have helped see off unnecessary legislation in the past.

However, it is vital for Britain to read all the signals coming from the rest of Europe, not just those which fit the mood of the moment. The fact is that France, Germany and most other EU countries continue to be determined to start the single currency in 1999. As long as Chancellor Helmut Kohl heads Germany he will press on with this goal with rock-like determination. And he is a pretty formidable rock.

In France, what is significant is not that French plans to meet the convergence criteria led to strikes and demonstrations, but that the French government pursued those plans knowing perfectly well how unpopular they would be and has been continuing the same policy since the strikes finished.

None the less, it is reasonable to ask: even if the political will is still there, do the economic realities permit the goal to be reached on time? France and Germany have, for example, failed to bring their budget deficits under 3 per cent of GDP, as required by the Maastricht

convergence criteria. But they do not have to do so until the end of 1997. The German budget deficit has hovered around the 3 per cent mark for several years, even falling below it in 1994. The faltering German economy has pushed the figures up a notch. But Germany has two years to shave off just 0.5 per cent, and has shown itself quite capable of taking the action necessary to make that possible.

For France it will be harder but by no means impossible. France has already cut its deficit from 6 per cent in 1994 to 5 per cent in 1995, and Prime Minister Alain Juppé's

deficit reduction plan has managed to survive the massive wave of public-sector strikes, although the degree of *schadenfreude* felt in Britain at France's troubles has obscured this fact.



Counting the cost: Jacques Chirac and Helmut Kohl are doggedly pursuing the economic reforms demanded by Maastricht to achieve a single currency

Wishful thinkers in Britain argue that the voyage towards monetary union is finally hitting the rocks of economic reality

Opinion-poll gazers, too, who suspect that public support is slipping away, should be less selective in their choice of statistics. There is still majority support for a single currency in most EU countries

except the UK. Germany, Sweden and Denmark (where opinion is fairly evenly split).

Early in 1998 all the countries, including Britain, will decide, on the basis of economic data covering the previous year, who will join a single currency in the first wave and who will not. Some countries are likely to be eligible by then. Others would be happy to see a short delay, but only because they wish to join at the outset of EMU rather than in a second wave. Yet even they are enacting bold economic reforms to show that they mean to qualify for participation at the earliest possible date.

To postpone the starting date or weaken the criteria for participation would be to remove the pressure for reform that is leading so many countries to make the necessary structural changes which have been long delayed – and which would not take place without that pressure.

Those reforms are, in any case, necessary for Europe to be competitive. Whether you want a single currency or not, they make economic sense. That is why the British government has run the economy in order to meet the Maastricht criteria, even though Britain has not committed itself to join the single currency and only has an option to do so.

Having fought hard as a Treasury minister in Margaret Thatcher's team into the early Eighties to persuade this country to pursue sound fiscal and monetary policies, I find it particularly unedifying to watch Euro-sceptics ditching their own cherished economic values, indeed the values that have served this country so well for more than a decade, just because the dreaded M-word has attached itself to them.

The writer is vice-president of the European Commission

Who'll bear an unwanted foetus?

Anti-abortionists must face the consequences of their plans for embryo adoption, says Polly Toynbee

"Imagine walking down the street and bumping into your child's twin. You never knew she existed. You never wanted her to exist. She'd be a few years younger than my daughter, but her twin none the less. My child, my husband's child, our flesh and blood and yet not ours. The thought is abhorrent."

That was the reaction of one mother of a test-tube baby yesterday to the bizarre suggestion that spare embryos taken from women like her during treatment should be donated to infertile couples without her consent. These embryos were frozen for her own possible use if she later wanted another child. The idea of giving them to other people has been proposed by David Alton MP, the anti-abortion campaigner, together with a group called Comment on Reproductive Ethics (Core), which is non-religious although its founder, Josephine Quintavalle, is a Roman Catholic member of the Life, the anti-abortion organisation.

Mr Alton wants any unclaimed foetuses to be implanted in other women's bodies without the genetic parents' consent. The overwhelming practical and legal problems seem not to concern him. Examining the language he uses, it is plain that he is not overly interested in the technical questions but in creating a legal and moral precedent. He proposes these "orphaned" embryos should be "adopted" by other infertile couples and even made "wards of court", as if they were infants left on the orphanage steps.

It is difficult to detect the line of argument that underpins his plan. Although these four-cell embryos are so small that eight of them would fit on the full-stop at the end of this sentence, he believes they are children with all the same rights as born

children and he wants to establish this principle in law. If he were ever to succeed in having embryos declared wards of court, then of course embryo research and abortion would become untenable and that is his prime motive.

Before anyone gets too heated about this extraordinary idea, it is not going to happen, now or in any foreseeable future. It is the figment of a largely Roman Catholic and fundamentalist imagination, of those that seek to reopen the whole question of IVF treatment, embryology and abortion.

If embryos were ever declared 'wards of court', abortion would become untenable

where parents come forward and request it, their embryos could stay frozen for up to 10 years. While many want no more children, some people have deliberately delayed because they want to space out their families, and others are saving money for the expensive treatment to implant the embryos.

Mr Alton has seized on the fact that there are some 2,000 frozen embryos – "orphans" – whose parents have disappeared. These parents have not answered registered letters and their whereabouts are unknown.

The HFEA has ensured clinics make every effort to trace them and yesterday issued a public plea for them to come forward. But some are foreign, while others may have undergone many excruciating cycles of treatment and failed to produce a live baby. They may be too depressed to contemplate the embryos they have left in storage. Some may simply be avoiding the £100-a-year fee most clinics charge to keep frozen embryos. According to one clinic, only about 20 per cent bother to pay, despite regular reminders. By the time it has built up to £500 they may choose to keep their heads down. Ungrateful, perhaps, but human.

For whatever reason, to assume that these people's embryos can be donated to others without their consent leaves everyone working in the field aghast. Each clinic has an ethics committee and they all work on the fundamental principle of consent at every stage by all concerned. No one can envisage a time when that principle would be abandoned.

Couples rarely give consent for their embryos to be donated to others, although many consent to their use in research. Embryo donation is so rare that out of 21,000 IVF treatments in 1993 (the last year for

which there are figures), only 160 used donated embryos; these figures are likely to have reduced sharply since then.

For beyond the question of principle, the whole notion is a non-starter anyway. There is a huge waiting list of infertile couples desperate for a donated egg, to which the husband's sperm will then be added to create an embryo. The shortage of eggs is hardly surprising: not many women are willing to undergo the drugs and the operation involved in donating an egg, and many do not like the idea of

Teams of Catholic nuns should volunteer for these immaculate conceptions

having a child out there somewhere who is unknown to them. The couples who want a donated egg know that at least it will be genetically the husband's child.

Until recently, possibly 1 per cent of infertile couples were in search of a donated embryo because both of them were infertile. This has now been reduced to virtually zero, since revolutionary new techniques can collect unfertilised sperm from most infertile men. The very few for whom this does not work are, statistically, highly unlikely to be married to infertile women. In other words, most infertile couples are not in search of embryos, but of either eggs or sperm.

The second practical problem is the very low success rate of frozen embryos, perhaps around 6 per cent of treatments resulting in a live birth, says Paul Serhal of University Col-

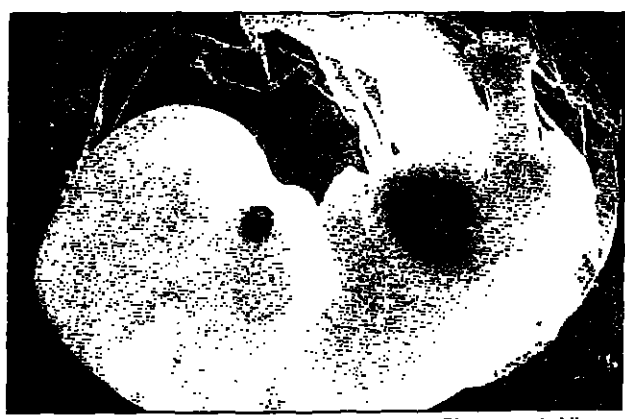
lege, London's IVF unit. When embryos are collected, the healthiest are implanted fresh into the mother's womb and have the best chance of succeeding. The rest are frozen. In other words, frozen embryos are second-best embryos.

So who would want to "adopt" Mr Alton's foetal "orphans"? Not, it seems, the infertile. Who else, then? The only likely candidates might be those who, like Alton, regard them as God's children, destined for murder unless saved by implantation in a vacant womb.

I have a modest proposal: teams of Catholic nuns should step forward and volunteer for these immaculate conceptions. "Save a Foetus for Jesus" could be the rallying cry for all those who believe that from the moment of conception, a unique and immortal soul is created.

If the law or ethics committees were ever to permit it, it would be interesting to see how many anti-abortion campaigners would volunteer their wombs to save these frozen embryos. Many, of course, do not have wombs, because they are men. Developing technology may, before long, make implantation a possibility but until then they will volunteer their wives, sisters and daughters? If they honestly believe, as they say they do, that an invisible embryo has the same right to life as any living human being, then they should feel duty-bound to bear successions of them. If they honestly believe, as they say they do, that an embryo's right to life supersedes a mother's wish not to bear it, then they should give up their wombs in the same way that they seek to force other women to.

In the meantime, the language of "orphans", "adoption" and "wards of court" has no place in the freezer of IVF clinics.



An embryo at seven weeks Science Photograph Library

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Nursing the sick – and grudges

ANOTHER VIEW

Roy Lilley

Thanks to the former Tory leadership hopeful, John Redwood, managers are characterised as men in grey suits, ignoring the fact that it is their Technicolor vision that keeps the NHS in the black. Thanks to party conference rhetoric and a cheap round of applause, the Health Secretary, Stephen Dorrell, has made NHS managers a soft target for cost-cutting, ignoring the fact that in most towns the biggest employer and the most complex business will be the local hospital.

The hospital boss will have responsibility for 3,000 staff, a budget of around £90m and the progress and

productivity, hours of work "commensurate with requirements", are short term and subject to termination on the flimsiest of grounds. Managers have never gone on strike, threatened to strike or organised themselves into a trade union.

Nurses are the opposite. The RCN has ditched its "no-strike policy" and last year threatened to withdraw co-operation, plunging the NHS into industrial-relations chaos, terrorising vulnerable patients. Nurses' contracts of employment are enshrined in binding national agreements that give cradle-to-grave protection. The RCN has

seen to it that performance and productivity are words no nurse ever need worry about. It threatened a strike last year if any hospital trust had the temerity to try to attach performance strings to nurses' pay settlement.

Who are the angels? Is it the nurses who manipulate public opinion and weak politicians with threats, rhetoric and intimidation, or is the real spirit of public service in the hearts and minds of managers who make a creaking nationalised industry work for lower wages than they are worth and more grief than they deserve.

The writer is an associate at the Centre for Health Services Management, University of Nottingham.

The survey revealing senior NHS managers had pay rises of 7.6 per cent has provoked a predictable response, the most vocal from the Royal College of Nursing (RCN), whose members, on average, enjoyed a 3 per cent increase in the same period.

The RCN would persuade us that nurses care about patients and managers do not. The RCN tell us their members are poorly paid, and ignore the fact that nurses, compared to any other work group, have enjoyed the largest percentage increase in earnings since 1971, at more than 120 per cent in real terms. The RCN demanded, and got, an independent pay review body, and now they don't like the results.

Prince leads field in race to buy Savoy hotels stake

JOHN SHEPHERD

Prince Al Waleed is rapidly emerging as the favoured candidate among the powerful Wontner family to buy the big stake in the Savoy group of hotels inherited by Granada from its £3.9bn takeover of Forte. Shares in the Savoy have risen sharply in recent weeks to value the group at around £400m.

"The Wontners are happy to do a deal with the prince at the right price," said a source close to the family last night. He added that they were keen to sit down and talk because "there are indications from Prince Al Waleed that he is intent on retaining the present management at the Savoy and retaining the status quo with the family."

The Wontner family controls a crucial 48 per cent voting share of the Savoy, principally through four trusts set by the late Sir Hugh Wontner, the company's former chairman. Granada owns 68 per cent of Savoy's equity, but only holds sway over 42 per cent of the votes because of the company's two-tier share structure.

"Only a nuttier will try to do a deal over the Savoy by talking to Granada before talking to other shareholders," the source said.

Forte spent 13 frustrating years trying to gain outright control, but every forceful move to secure ownership of the Savoy was firmly seen off by the Wontner family which found little difficulty in mustering support

from other shareholders. No formal offer for the Savoy stake has yet been tabled, but any formal financial proposal is likely to come through the prince's representatives at the United Saudi Commercial Bank.

Questions about the future of the Savoy shares were yesterday met with a firm "no comment" by a spokesman for Granada.

Alan Fort, finance director of the Savoy, also declined to comment on the situation. "When we have something to say we will issue a press release and then talk to you," he said.

While many people made a great deal of noise about how they would like to own the Savoy during the Granada takeover fight, with Forte sources in the City said yesterday that the firm list of potential buyers ran to no more than six names, most of which were American.

They include Ritz Carlton, the hotels company which is 49 per cent owned by Marriott, and ITT Sheraton. However, a leading hotel industry analyst said that ITT had a "great deal on its plate" and would find it difficult to do a deal.

He added that Marriott would run the risk of "seriously damaging" its relationship with Whitbread, which last year paid £180m cash for 16 Marriott hotels in the UK, by backing any move by Ritz Carlton.

The fabulously wealthy 38-year-old Prince Al Waleed Bin Talal Bin Abdulaziz Al Saud is said to view an investment in the

Savoy group as a natural extension of his 25 per cent holding in Four Seasons – the largest luxury hotels group in the world.

He bought his stake in Four Seasons last year for £79m from Isadore Sharp, chairman and president and simultaneously pledged almost £50m of cash to help fund the hotel company's development. It is understood that the prince has been impressed by the new management team at the Savoy, which recently announced a sharp recovery in profits. Ramon Pajares – who was drafted in as managing director of the Savoy in late 1994 – spent 25 years working for Four Seasons.

The American-educated prince has swiftly established a reputation for ploughing hundreds of millions of pounds into high profile businesses. Besides Four Seasons, these include a 24 per cent stake in Euro Disney, the Citicorp investment bank and Sals Fifth Avenue, the New York department store.

The Savoy group consists of some of the most highly prized hotels in London. Besides the Savoy hotel in the Strand, the company also owns Claridge's and the Berkeley.

Profits were severely undermined by the recession but the new management recently forecast a 165 per cent increase in pre-tax profits to around £11.4m from continuing operations for the year just ended. Shareholders were also told that dividend payments would be doubled.

Winded: Failure of asthma treatment sends shares on a roller-coaster ride



Drug scare: Three of the Celltech directors who benefited from the exercise of options in December. Peter Fellner (foreground) with (left to right) Peter Allen and David Bloxham, and former director Iain Ross, who left before the sales took place

Celltech drug let-down hits biotech babes

MAGNUS GRIMOND City Editor

Shares in fledgling biotechnology companies had a roller-coaster ride yesterday after the announcement that Celltech, a leading player, had abandoned a key anti-asthma drug.

Celltech's shares plunged 163p to 518p after the group revealed that a joint study with the US drug group Merck of its CDP 840 compound, originally billed as an important advance on current inhaled anti-asthma drugs such as Glaxo's Ventolin and Becotide, had failed to meet expectations.

The announcement comes just over seven weeks after four Celltech directors netted £3.5m from cashing in share options. But Dr Peter Fellner, who made around £2m from the option sales, yesterday defended the actions of the four men. "We went out of our way to undertake the option exercises in a completely above-board way, while retaining large stakes."

Dr Fellner said that after preliminary results were released on 6 December, they knew no further public statements were due to be made for a couple of months, when the clinical results on the CDP 840 trials would be announced.

The brokers Cazenove and the company's other advisers said it would be appropriate to move at that time, given the limited exercise period. A two-year "lock-in" period on directors' holdings ended on 9 December and the closed period began again in early January.

The announcement is the first seriously bad news to hit the sector since British Biotech unveiled "promising results" for its Marimastat anti-cancer drug at the end of November and sent shares soaring. Dealers marked the sector down sharply yesterday, before prices staged a recovery.

Of the bigger stocks, Celltech touched 488p at one stage, before bouncing back. British Biotech slid to £18.53 but ended 10p off at £21.13 and Scotia came back from 563p to 603p, just 7p down on the day.

Few analysts saw this latest setback, which coincided with news that British Biotech had successfully raised £47.5m from the exercise of warrants, as marking the end of the boom in the shares.

One said: "This is definitely not the death of the sector... but all this should drive home to the stock market the inherent risks in drug development." It seems certain to hit confidence surrounding Celltech.

Morton lashes at Government over tunnel

RUSSELL HOTTEN

Sir Alastair Morton, co-chairman of Eurotunnel, is today due to launch a strong attack on government failures that have brought the Channel Tunnel project to the edge of collapse.

In a conference speech, Sir Alastair – who will be followed immediately by the Deputy Prime Minister, Michael Heseltine – will accuse politicians and civil servants of renegeing on promises.

Baroness Thatcher, the political driving force behind getting the project launched, is said to have missed "the blindingly obvious" when dealing with the financing. And Treasury officials are said to have "cotton wool between the ears".

The speech, seen by the Independent, says that similar large-scale projects should never again be financially structured in the same way.

While the contractors built the tunnel and banks arranged financing, Sir Alastair says the development ran into difficulties because there was no real client at the outset. "An immense stress was welded into the heavily loaded structure," Sir Alastair says.

Problems were compounded by Mrs Thatcher's demands that no public money should be put into the project, and a lack of government investment in the UK's infrastructure.

Mr Thatcher, he says, "was, of course, guilty of an extraordinary lack of tunnel vision. She could not see the blindingly obvious – that the tunnel was no more than a major link in a chain of public sector infrastructure: the road and rail systems of the UK and Continental

Europe. Thus, her project was only capable of flourishing with investment in appropriate physical and administrative infrastructures on both sides, something the French well understand."

Eurotunnel, currently renegotiating its £8bn of debt with its 225 banks, has had calls for state help rejected. But Sir Alastair, referring to the public finance initiative, said similar large capital projects will only succeed if "it is possible to blend public purse and private capital in them." This was a novelty that had not yet sunk into "the acid-soaked cotton wool between the ears of Treasury civil servants," Sir Alastair said.

"Eurotunnel is currently making clear to the British and French governments that certain promises have not been delivered and restitution needs to be disclosed."

"So once again, the Channel Tunnel structure is revealed to be incomplete, but the lesson to be learned is clear. Unless Her Majesty's Government delivers its side of the PFI bargain, an excellent initiative will founder."

The speech may prove embarrassing for Mr Heseltine, who is speaking immediately after Sir Alastair and is expected to reply to some of the points. Meanwhile, yesterday the European Investment Bank believed to be Eurotunnel's largest creditor, said it remained "fully committed to the success" of the company.

Sir Brian Urwin, the EIB's president, told a press conference in Brussels that the bank was "substantially committed to what he called 'this great international project'."

Standard considers NatWest bid approach

DAVID HELLIER and JOHN EISENHAMMER

Standard Chartered Bank, the UK-based bank with strong Asian business, is believed to be considering an informal approach from NatWest Group which could lead to merger discussions.

It follows talks between NatWest chairman Lord Alexander and Patrick Gillam, Standard's chairman.

City sources say that an informal bid committee exists at Standard, which takes advice from Schroders and Goldman Sachs. Insiders say the committee has discussed a target £11 a share which would secure the board's unconditional approval for a merger.

Banking analysts, however, have said that shareholders in Standard Chartered would seriously look at any bid that was pitched at around £8 a share or more. The current share price is hovering above £6.

Standard Chartered was making no comment yesterday on the speculation.

A bank spokesman would not deny on the record that there had been discussions between his bank's chairman and the chairman of NatWest.

The spokesman pointed out that the first opportunity the bank would get to answer specific questions about its future would probably be later this month when the bank puts out its annual results.

Analysts are expecting profits of between £600-650m from Standard Chartered, against

£510m last year, when the bank reports on 20 February.

Some experts have suggested that NatWest would be unlikely to make a move because it could not absorb a large write-off of goodwill. The book value of Standard at the end of 1995 was £1.7bn, leaving it with goodwill of some £4.6bn at the current share price. NatWest sold out of its American retail operation, Bancorp, recently at just 1.4 times book value.

However, an all-share merger would get round the goodwill write-off problem. A corporate finance insider said a deal could make strategic sense for NatWest, because of the corporate business between Europe and the Far East, and the fact that Standard Chartered offered growth through acquisition.

Standard Chartered's profits rose 10 per cent to £510m last year, when the bank reports on 20 February. Some experts have suggested that NatWest would be unlikely to make a move because it could not absorb a large write-off of goodwill. The book value of Standard at the end of 1995 was £1.7bn, leaving it with goodwill of some £4.6bn at the current share price. NatWest sold out of its American retail operation, Bancorp, recently at just 1.4 times book value.

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Sharp rise in consumer credit

DIANE COYLE Economics Correspondent

New evidence of rapid growth in consumer borrowing yesterday highlighted concerns about the longer term prospects for inflation expressed by Eddie George, Governor of the Bank of England.

Separate figures showed that new orders for consumer goods were a bright spot in Britain's still-sluggish manufacturing industry, suggesting that the Chancellor's predicted consumer recovery is under way.

The amount of new consumer credit in December, led by £797m, the second biggest monthly increase on record, following a £600m rise in November.

Credit card borrowing set a new record, rising £276m during the month. Last year saw the biggest increase in consumer loans since the series began in 1987. At

£7.5bn it exceeded the pace of increase during the late 1980s boom.

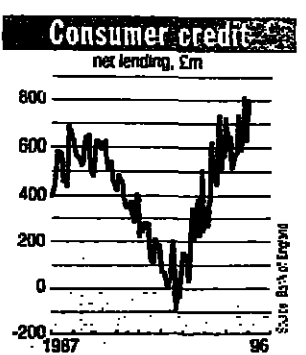
Both Mr George and Kenneth Clarke, Chancellor of the Exchequer, have recently expressed concern about the rapid growth of money and credit. In minutes of their December meeting, released earlier this week, the Governor gave it as a reason for advising no more than a quarter point cut in interest rates in order for inflation to fall below its target some time during 1997.

However, Bank of England figures confirmed earlier reports from banks and building societies that net mortgage lending fell slightly in December to £1.2bn.

This compared with £1.3bn the previous month and £1.5bn a year earlier. Total housing loans fell by 22 per cent to just over £15bn between 1994 and 1995.

House prices rose in January for the sixth month in a row, according to the Halifax Building Society, but the increase was only 0.1%. Prices were 1.2% lower than a year ago.

"Our optimism about a recovery is still tinged with caution," said the Halifax, the biggest mortgage lender, while the Britannia Building Society said yesterday its mortgage lending had dropped 24 per cent last year.



Recession signals as US inflation hits 10-year low

DIANE COYLE Economics Correspondent

Clear signs that the US economy might be heading for recession – along with the lowest headline inflation rate for a decade – vindicated the Federal Reserve's decision on Wednesday to cut interest rates for the second time in two months. Analysts said further evidence of economic weakness would bring further reductions in interest rates.

France yesterday followed the wave of international interest rate cuts, reducing its main money market rate from 4.2 to 4.05 per cent. The Bundesbank stepped into the money markets to trim its repo rate to 3.3 per cent, down from 3.4 per cent earlier in the week.

The survey of American industry carried out by the National Association of Purchasing Managers (NAPM) showed that activity slowed worryingly in January. The index fell to 44.2 from 46.0 in December and now stands well below 50, the dividing line between recession and growth.

Christopher Low, an economist at HSBC Markets in New York, said: "This is the first of the big indicators to point in the direction of recession." He said there would definitely be further reductions in the cost of borrowing. "The Fed has suddenly become a lot more receptive to signs of economic weakness."

The NAPM predicted that employment in manufacturing would continue to fall for the

foreseeable future. The employment index fell sharply to 44.3 last month, pointing to the possibility that the crucial monthly employment report due out today would be weaker than expected.

Firms surveyed by the NAPM reported higher stock levels for the third month in a row.

Separate figures confirmed that inflation is not a concern in the US. Consumer prices increased by 0.2 per cent last month, a smaller than expected rise. The only significant price increase was in energy, due to the unusually cold weather. Oil prices have already fallen back from their mid-winter peak.

The rate of inflation fell from 2.6 per cent to 2.5 per cent in the 12 months to December, the lowest year-on-year rise since a 1.1 per cent increase in 1986 when oil prices collapsed. The core inflation rate – which excludes food and energy prices – was unchanged at 3.0 per cent in December.

David Bloom, an economist at James Capel, said: "The Federal Reserve has nothing to fear as far as inflation goes." He predicted the next few months would bring even lower inflation rates. Some Wall Street economists were predicting yesterday that the Fed will cut its Federal Funds rate again when it next meets on 26 March. It reduced the rate by a quarter of a point in July, December and again to 5.25 per cent, on Wednesday.

STOCK MARKETS

FT-SE 100

Dow Jones*

Nikkei

Indices: FTSE 100, FTSE 250, FTSE Small Cap, FTSE All Share, FTSE 100 Div, Hang Kong, Shanghai, Beijing, Shenzhen, Frankfurt

Indices	Close	Day's change	Change(%)	1995/96 High	1995/96 Low	Yield(%)
FTSE 100	3752.80	-5.50	-0.2	3799.30	2954.20	3.82
FTSE 250	4128.90	+3.90	+0.1	4128.90	3300.90	3.55
FTSE Small Cap	1865.80	-2.20	-0.1	1868.00	1482.40	3.76
FTSE All Share	2021.87	+3.36	+0.2	2021.87	1678.61	3.11
FTSE 100 Div	1840.21	-1.75	-0.1	1841.96	1469.23	3.71
FTSE 100 Div Yr	5385.81	-9.39	-0.2	5385.81	3832.06	2.24
FTSE 100 Div 5Yr	20350.12	+122.38	+0.6	20350.12	14488.41	0.741
FTSE 100 Div 10Yr	11362.00	+3.10	+0.3	11362.00	8967.33	2.231
Hang Kong	2450.26	-10.85	-0.4	2470.14	1910.96	1.801

Source: FT Information

Source: FT Information

INTEREST RATES									
Index	1 Month	3 Months	6 Months	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year
UK	6.28	6.06	7.46	8.51	7.63	8.52			
US	5.34	5.06	5.99	7.67	6.06	7.75			
Japan	0.47	0.78	1.85	4.21					
Germany	3.31	3.19	5.87	7.47	6.71				

CURRENCIES									
£/\$ 				£/DM 				£/¥ 	
<small>Feb Mar Apr May</small>				<small>Feb Mar Apr May</small>				<small>Feb Mar Apr May</small>	
<small>Other than exchange rates and DM Bond closed at 1200 hours.</small>									
Pound				Dollar					
	Yesterday	Change	Year Ago		Yesterday	Change	Year Ago		Yesterday
\$ (London)	1.5131	+0.021c	1.5823	£ (London)	0.6892	-0.009	0.632		
\$ (New York)	1.5135	+0.30c	1.5825	£ (New York)	0.6867	-0.13	0.632		
DM (London)	2.2955	+1.13p	2.405	DM (London)	1.4933	+0.55p	1.52		
¥ (London)	162.078	+¥0.527	157.528	¥ (London)	107.116	+¥0.2	99.56		
£ Index	83.6	+0.3	88.6	£ Index	98.7	+0.1	95.6		
OTHER INDICATORS									
	Yesterday	Day's %	Year Ago		Index	Latest	Yr Ago		Next Pts
Oil Brent \$	16.82	+0.3	16.89	RPI	190.7	3.3pc	2.9	15 Feb	
Gold \$	410.55	+3.05	376	GDP	108.9	1.89c	42	22 Feb	
Gold £	271.33	+4.29	237.98	Base Rates		-6.25pc	8.75		

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Cruickshank's crusade is a dangerous game

COMMENT

It is not just BT's shareholders who need to worry about the effects of the proposals on investment. The Government ought to as well, for it could mean the reduction of an important national company into another also-ran.

One of the great myths of privatisation is that it invariably amounts to a bonanza for investors. While there is no doubting the truth of this for the electricity industry and to a lesser extent water, it is not the case for most of the others. For British Telecom shareholders, it has been downhill virtually all the way since the company was privatised at the end of 1984. Over the last 11 and a bit years, British Telecom shares have underperformed the rest of the stock market by nearly a third. And unless the regulatory and competitive environment changes dramatically, warns James Golob of Deutsche Morgan Grenfell, shareholders can look forward only to more of the same.

For any management this is a deeply depressing prospect but for Sir Iain Vallance and his team at BT it must be doubly so. Since the early years of privatisation, when the company did indeed take its domestic customers for granted, BT has been transformed into the very antithesis of the company it once was. The company's response to the twin pressures of enhanced regulation and competition has been generally astute and appropriate. It is ahead of the game internationally and in forming cross-border alliances, its video-on-demand trials are as advanced as anywhere in the world, and its new chief executive, Sir Peter Bonfield, could hardly be better-regarded by the City. For most companies this would be a happy coincidence of features guaranteed to keep the share price

motoring. Not so for BT, which finds itself so hemmed in and hampered by the regulator that even competitors begin to worry for the future.

BT today delivers its response to the regulator's two most recent initiatives – the demand for much tougher rate-of-return criteria and a catch-all fair trading clause that would allow OfTel to act now against alleged abuse of market position and ask questions later. BT's answer is expected to be suitably robust. For the stock market, the return-on-capital document poses the most immediate threat, for it attempts to set the agenda for an even more draconian price cap regime from July next year. Don Cruickshank, director-general of OfTel, has taken the view that British Telecom is making excessive profits at the expense of the customer and wants them reduced.

Mr Cruickshank is a clever and forceful man and, perhaps predictably for someone who once worked for Richard Branson, he stands for the little guy and the consumer against the entrenched power of a privileged monopoly. However, it is not just BT that worries about his proposals. Since competitors must always undercut BT to make headway, they too are concerned about too onerous a rate-of-return cap. At the rate proposed, some of the present wave of cable investments look unviable – not that you will find many saying this publicly.

A whole raft of national telecommunications companies are scheduled to be privatised this year and next, including the big daddy of them all, Deutsche Telecom. A glittering array of choices will be opened up for investors in this industry. Capital will chase those countries where the regulatory regime favours the incumbent operator. That, for the time being, means almost everywhere except Britain. It is not just BT's shareholders who need to worry about this. The Government ought to as well, for ultimately it could mean the reduction of an important national company into another also-ran. It could also, if pushed too far, lead to inadequate spending on telecoms infrastructure more generally.

BT can perhaps expect little sympathy from ministers after its silly and meaningless attempt to cosy up to Tony Blair. But it does matter what happens to BT and it is understandable that its chairman should want to bare his soul to a politician at least prepared to listen. Mr Cruickshank is going to have to compromise his crusading consumerist stance a little if Britain is to be left with a world-class telecommunications player to take us into the next millennium.

Virgin proves more than hot air

We owe Richard Branson an apology. It is not just hot air from Marrakesh that sustains London & Continental's bid for the high-speed Channel Tunnel rail link (Business Comment, 30 January). The consortium does genuinely seem to have won, or so our moles at both the Department of Transport and the Treasury tell us.

The rival Eurorail is all but admitting defeat, with London & Continental (of which Virgin is a part) apparently demanding a lower government subsidy for the project by some way. The only thing standing between L&C and success is the possibility that it will fail the "wealth test", the due diligence process the Government goes through to satisfy itself that the consortium can raise sufficient funds. This is more than a formality. A cornerstone of L&C's proposal is that the whole thing floats on the stock market within the next year. With Eurorail still casting a long shadow over privately financed infrastructure projects, that will be no easy task, even for the likes of SBC Warburg, L&C's financial adviser.

Ominous moves on the backbenches

The Ken and Eddie show continues to grip the City – and small wonder with fresh signs of disension over last month's cut in interest rates. Kenneth Clarke must be wishing he could swap tiresomely steady Eddie for one of those flighty European central bankers who have been slashing rates like there's no tomorrow.

But in all this, there's a real danger that

the markets could be losing sight of the big picture. The Ken and Eddie show is played out in public – with a six-week lag. Meanwhile, the Ken and John show takes place behind closed doors at Numbers 10 and 11.

If there is a clear element of mock combat in the monthly meetings between the Chancellor and the Governor of the Bank of England, there is nothing artificial in relations between the two incumbents of Downing Street. Bad blood there spells trouble for the economy and financial markets. The genesis of the policy blunders that wrecked the economic "miracle" of the 1980s came from a Chancellor and Prime Minister who were mortally at odds.

The signs of a whispering campaign against Mr Clarke on the Tory backbenches should thus be occasion for real concern. The political dimension is straightforward: Mr Clarke is on the left of the Conservative Party. Even more deserving of auto-da-fé, the Chancellor is a committed pro-European – he likes the idea of monetary union.

A political bruiser through and through, Mr Clarke may seem perfectly capable of standing his corner in party fighting. But there is an obvious danger that he may be pushed too far. He wouldn't be the first to throw in the towel, after all. The likelihood of this happening may be small, but it can't be completely discounted and would undeniably spell disaster for the credibility of the Government's economic policy. Another political risk for the markets to worry about.

Watchdogs crack down on 'spot' forex dealers

JOHN EISENHAMMER
Financial Editor

City watchdogs clamped down yesterday on the burgeoning firms providing unregulated, high-risk speculative foreign exchange dealing to small investors. Closing a loophole in the law, firms have been ordered to apply for authorisation by 1 March or cease trading.

Following a rush of complaints from private investors, some of whom have lost hundreds of thousands of pounds, the Securities and Investments Board along with the Securities and Futures Authority, have decided these short-term or "spot" foreign exchange dealings must come under the protection and restrictions of the Financial Services Act.

SIB appealed to investors in such activities to check whether firms they are involved with are applying for authorisation, and warned that it may have to step in to close firms presenting a grave risk.

The regulatory authorities are aware of 37 such firms actively trading or poised to enter the market, some of them based on the Continent. Some are successors to companies only recently shut down by the Department of Trade and Industry, such as Cathay & West and London and Global.

One of the firms being ordered to apply for authorisation, the London Currency Exchange, based in west London, has two directors who were heavily fined by the SFA for their work with David Coakley, a private client futures and options company closed in 1993.

Peter Ellis and Nicholas Edgeley were account executives with the company, whose trading was described by the SFA as "discreditable, reckless and scandalous".

Another of the companies, Bull & Bear (forex), based in London, has as one of its directors Enver Kemal Jainu-

Deen, who had a High Court injunction brought against him in 1990 by the SIB.

The regulators have information that David Rycoot, formerly a director of DPR Futures, which was closed down by the SIB, is linked to firms in Denmark and Switzerland, planning to solicit British private investor interest in the spot forex market by cold-calling.

"Ordinary people are being asked to part with large sums of money for a very risky business, on the lines of, if George Soros can do it, so can you," said Jeff Thomas, head of enforcement enquiries and investigations at the SIB. This is a fast-growing activity, with speculative products being offered to individuals who are not of great knowledge or experience.

Because they are outside the Act, investors have no compensation in the event of firms failing. These businesses have exploited a loophole in the law that short-term contracts, officially less than seven days, are commercial rather than investment business.

This exemption was originally set up for bureaux de change and professionals dealing in the interbank market. The SIB says the spot forex speculation is not really short-term at all because contracts are continually rolled forward.

But some firms, which have strong capital backing, and their own legal advice that they are acting legitimately, may challenge this new interpretation of the law. "We are ready for a legal challenge and will fight it all the way," Mr Thomas said.

To survive the authorisation vetting, the companies must demonstrate directors are fit and proper, dealers are qualified, they have minimum capital of £600,000, adequate accounting and control mechanisms and a separation of client from company money.

Banks sue Clifford Chance

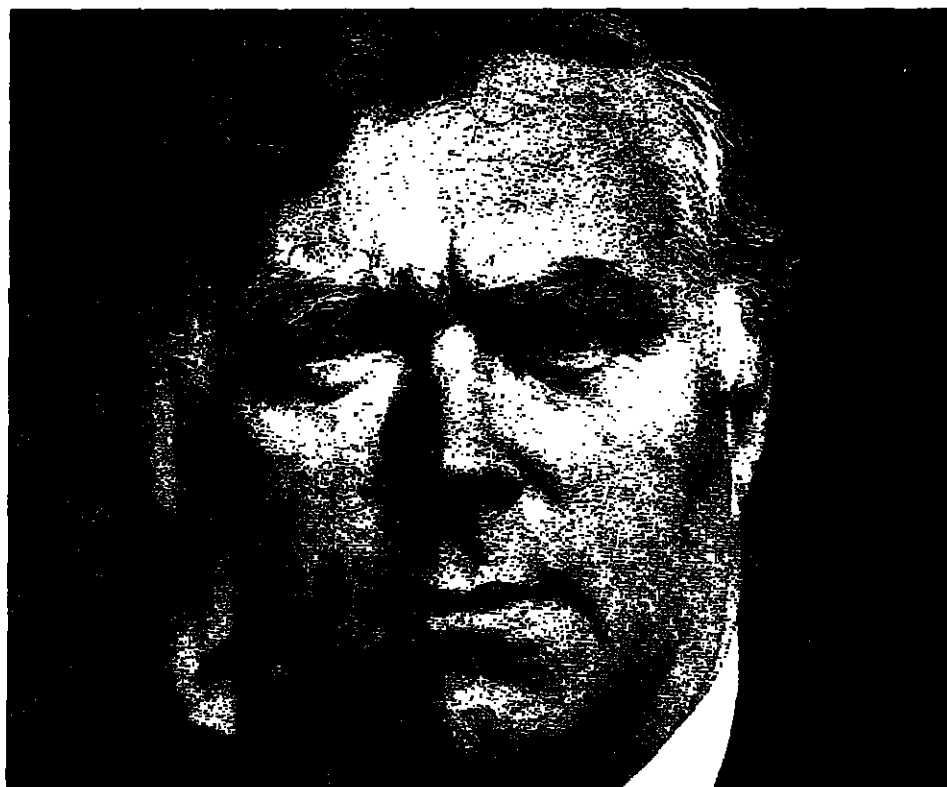
ROGER TRAPP

Britain's leading law firms are braced for the sort of negligence suits that have recently plagued accountants following the news that Clifford Chance is facing a \$1.3bn (£610m) claim from four Canadian banks that suffered heavy losses in the collapse of Canary Wharf in London's Docklands.

The banks – Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Nova Scotia and National Bank of Canada – allege that incorrect information from Clifford Chance, the City's largest firm of solicitors, put them at a disadvantage during the restructuring that followed the project's failure and placing into administration in 1992.

The claim, which is thought to be the biggest suit against a London law firm made public, is contained in writs filed simultaneously in Britain and Canada by Freshfields, another leading international law firm, and two Canadian firms, Tory Tory DesLauriers & Binnington, and Blake, Cassels & Graydon.

It arises from loans totalling \$450m made by the banks to Olympia & York Developments, the holding company for the Canary Wharf development. The banks allege that Clifford Chance advised them in 1989 that the company was a private limited company when in fact it had unlimited liability. This meant, they add, that



'No evidence': Keith Clark of Clifford Chance, who is confident about the case

they were unable to exercise their rights over the money without becoming liable for the project's entire debt. As a result, the global trade gap fell to \$567m, a third of the huge deficit in October.

The narrowing in the visible trade gap with the EU came both from rising exports and falling imports. Despite the slowdown in Continental Europe, exports to the EU rose by £204m while imports fell by £107m. However, the lion's share of the jump in exports was accounted for by precious stones, a notoriously erratic item in the trade figures.

Stripping erratics and oil out of the figures, it is clear that the end of last year brought hard

times for firms exporting to the EU. The underlying volume of exports fell by 1.2 per cent in the three months ending November, compared with the previous quarter.

Britain's exporters fared considerably better with countries outside the EU with a quarterly increase of 3.8 per cent. However, with the EU accounting for almost 60 per cent of total exports, the decline in trade there meant global exports grew by only 0.8 per cent in the three months ending November.

If exports were to continue growing at this rate in 1996, the annual rise would be 5 per cent short of the 8.25 per cent increase in non-oil visible trade forecast by the Treasury last November.

It added: "To date no evidence has been produced to us that any loss was incurred by these banks in relation to these loans following the collapse of Olympia & York as a result of any alleged negligence on the part of Clifford Chance. If the banks pursue the claim, they will have to provide evidence of the alleged loss."

Trade gap fall surprises City

PAUL WALLACE
Economics Editor

An unexpected fall in the trade gap with the EU cut Britain's global trade deficit in November by considerably more than the City had expected. But the trend for the underlying volume of exports remained flat and a drop in imports suggested that inventories were being cut back.

Despite these warning signals for growth in the short term, a new forecast from the London Business School suggested that the economy would expand by 2.6 per cent. Last year's interest rate reductions around the world would prevent the current global slowdown from developing into a recession.

The trade deficit with the EU fell sharply from £502m in October to £131m in November, its lowest for over two years. As a result, the global trade gap fell to £567m, a third of the huge deficit in October.

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Another contractionary force in the economy is destocking. A quarterly fall of half a per cent in the underlying volume of imports in the three months ending November suggested that inventories were being reduced. Excluding erratics, semi-manufactures fell back particularly sharply by 2 per cent. Basic materials also fell by 0.3 per cent.

The London Business School says that strong consumer spending will underpin growth of 2.6 per cent in 1996, with inflation at 2.5 to 3 per cent.

IN BRIEF

Frost takes the helm at cable trade group

The trade association that represents Britain's struggling cable industry will today announce the appointment of a new chief executive, Bob Frost, who will oversee an aggressive £12m marketing campaign, writes Matthew Horsman.

Mr Frost, formerly chief executive of the National Federation of Retail Newsagents and a one-time cable executive, will take up his new job at the Cable Communications Association in March. He replaces Richard Woolham, who left in December. Mr Frost said yesterday that his first task will be to advise on the industry's new generic campaign to encourage the growth of cable's subscriber base. The marketing effort follows several months of disappointing results from the main cable operators, which has depressed stock market prices of the three quoted companies.

Green double act at refrigerator company

Environment Secretary John Gummer and Greenpeace UK director Peter Melchett will perform a rare double act today when they open a new refrigerator production line, writes Nicholas Schoon. The Cabinet minister and his arch-critic both want to praise Elstar. The Derbyshire based company has switched its entire production of cold cabinets to run on an environmentally friendly-refrigerant, mooted as ecologically superior to those offered by chemical giants like ICI and Du Pont. The move by Elstar, maker of drink cooling cabinets found in pubs and clubs, is a breakthrough for Calor Gas, which is battling with the chemical conglomerates to market substitutes for the now banned CFCs.

Growing interest in Fokker

Fokker, the ailing Dutch aircraft maker, has received around 20 expressions of interest from firms willing to negotiate the purchase of all or part of the company. Canada's Bombardier and Samsung Aerospace, of South Korea, are tipped as most likely to be part of a rescue deal. The Dutch government said yesterday that the European Commission would not be providing funds to help Fokker out of its crisis.

Airbags business means 275 new jobs

About 275 jobs are being created in County Durham by the international engineering group TRW, which is building a £24.3m factory to produce airbag inflators for the UK motor industry.

Grid plans £150m buyback

National Grid is to buy back and cancel the whole of its outstanding £150m bonds from the government. It will pay £175m for the 12.859 per cent bonds due 2001, excluding accrued interest, and will charge the £25m premium to its 1995/96 accounts.

Sotheby's dividend climbs

Sotheby's Holdings, parent company of the fine art auction house of the same name, has declared a fourth quarter dividend of 8 cents a share. This represents an increase of 2 cents or one-third in the regular quarterly dividend, the US-based company said.

Halifax buys in £130m debt

The Halifax Building Society has redeemed £131m of its £500m issue of 6 1/2 per cent bonds due in 2004. The bonds were acquired by UBS on behalf of the Society, which has agreed to cancel them.

Swalec joins FT-SE 250

South Wales Electricity is to be replaced by Scottish Television in the FT-SE Mid-250 Index. The decision follows the announcement that the offer by Welsh Water for South Wales Electricity PLC has been declared unconditional in all respects.

Gold climbs again

Gold jumped again yesterday to close at \$410.75 in London, up \$5 on Wednesday's closing level.

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THE INVESTMENT COLUMN

Edited by TOM STEVENSON

Cash in on Misys roller-coaster

Since 1991, when in keeping with many other companies it was blown off course by recession, Misys banking and insurance software house has been an impressive performer. Over the past five years, earnings have grown at a compound rate of 41 per cent and the dividend by 13 per cent a year.

That hasn't stopped investors enjoying a pretty rocky ride, however, with the shares falling from over 500p to 300p in 1994, before doubling again last year. Record profits for the half-year to November yesterday sent the stock 62p higher to 637p.

That sort of roller-coaster effect is misleading because Misys is a solid company, with a wide geographical spread and good recurring income, operating in fast-growing markets. Part of the volatility relates to the acquisition almost a year ago of ACT, which doubled the size of the company and set nervous investors fretting about possible, unspecified "black holes" in a business that had issued a string of profit warnings.

Pre-tax profits for the six months to November of £19.2m (up from £11.2m) showed these concerns to have been unfounded. ACT appears to have been well-integrated and does not appear to have diluted one of Misys's big attractions, its ability to turn profits into cash. Borrowings in the year fell from £12.4m to £5.9m and should be eliminated by the year-end.

One of the problems with Misys, from the stock market perspective, is that there are few companies with which to compare it. Internally, it measures itself against mainly US competitors.

But with 55 per cent of profits coming from banking software packages and a further 30 per cent from insurance programme business, Misys is exposed to some of the fastest-growing segments of a computer business that is itself undergoing the early stages of a massive revolution.

In banking, Misys has a strong position in emerging markets such as South-east Asia, eastern Europe and India, where the creation of banking infrastructure and deregulation is leading to enormous volumes of work. With 24 overseas offices, and 25 per cent of revenue already from emerging markets, Misys is better placed than its peers to benefit from these trends.

There are also enormous opportunities in the insurance business, where increasing competition from direct insurers is forcing the pace of automation (and so cost-cutting) at existing broker networks.

After better-than-expected half-year figures, the company looks well-positioned to meet forecasts of between £48m and £52m pre-tax profits in the

Tough times at Vibroplant

Vibroplant, the small-ticket plant hire group, is going through a bad patch at the moment. No sooner had it announced earlier this month that it was getting shot of its problem US division than it revealed the worse-than-expected effects of torrid trading on its UK business.

Yesterday, Vibroplant slipped what looked like a profits warning in with the circular announcing details of the £68.8m sell-off of its American Hi-Lift division. The company said that since it announced interim profits 14 per cent higher at £3.68m in November, trading conditions have continued to deteriorate in the UK and this will be reflected in results for the second half.

As a result, James Capel, the house broker, yesterday slashed £1m off its forecast for the current year, leaving it at £3.7m, and cut next year's from £3.3m to £2.6m. With the shares diving 11p to 86p yesterday, the price now

represents 16 times 1995/96 earnings and over 21 times those for 1996/97. These are heavy multiples and only a yield of 5.8 per cent, assuming last year's 4p dividend is held, is providing much support for the shares, along with the 51 per cent stake held by the family of the chairman, Jeremy Pilkington.

The dividend prop looks firm at the moment, even if the payout will only just be covered by earnings this year. The US sale will leave it with £20m of cash at a time when it needs to increase capital expenditure on its plant to compete with well-capitalised rivals and it should be able to take advantage of depressed sales of smaller groups to increase market share.

More worrying for investors is the company's distress at a time when market leaders Ashted and Hewden-Stuart seem to be weathering the construction recession with much more aplomb. Times are undoubtedly lean, but Vibroplant seems to have been unnecessarily distracted by its problems in the US, while a switch to greater centralisation of its depots in the UK seems to have resulted in some loss of volume.

Its concentration on road building and civil engineering, which accounts for over half of turnover, is a serious weakness in the current environment of Government cut-backs and delays to the private finance initiative. Ashted's two deals announced on Wednesday will reduce its dependence

on these areas to below 40 per cent and will only increase Vibroplant's difficulties in the City. The Pilkington family may wish to rush for the exit through an agreed takeover, but that looks some way off yet. Unexciting.

ERF a dwarf in land of giants

Things are not looking good for ERF, Britain's last remaining manufacturer of heavy trucks.

The group, based in Cheshire, has been slugging it out with manufacturing giants such as Volvo, Iveco-Ford and Mercedes and has managed to carve out a market share of between 9 and 10 per cent. But the strain is starting to show.

Yesterday the company issued an announcement about the re-structuring of its South African subsidiary but tagged a profits warning on the end. The shares, which stood at more than 300p last autumn, slumped 25 per cent to 182p.

ERF's continuing problem is its over-exposure to the UK market which accounts for 80 per cent of its sales. That market has been extremely difficult and in December and January ERF had to put its workers on a three-day week due to a 40 per cent slump in orders.

ERF says that the order in-take has picked up a little and the export business is also improving, particularly in Africa and Europe where the group launched a new range at the Paris Show last autumn.

Production is up to four days a week but the British market for heavy trucks remains fragile so the prospect of a return to full production looks slim.

All this has had a dramatic effect on sales and profits. Analysts have slashed profit forecasts from £2.6m for the current year to just £1.6m.

In the past two years ERF has moved into France and Spain but the group needs to diversify more to spread its risk.

At least borrowings will come down after the company raised £2.3m via the re-structure of its South African interests. ERF used to own 56 per cent of its South African subsidiary.

It is now selling part of that stake to another South African partner, Dorbyl. The group's bankers are backing the group and have extended their facilities to March 1997.

But even after yesterday's crash the shares trade on a forward rating of 22. ERF still looks a dwarf in a land of giants and the shares are best avoided.

Misys: at a glance

Market value: £538m, share price 637p

Trading record	1993	1994	1995	1994	1995
Turnover (£m)	88.8	93.4	153.4	64	130
Pre-tax profits (£m)	15.1	18.6	26.3	11.2	19.2
Earnings per share (pence)	26.8	31.9	35.1	16.2	16.9
Dividends per share (pence)	7.01	8.06	9.27	3.45	3.97

Operating profit by activity, £m

Insurance 6.8

Information systems 3.8

Banking 12.5

Share price

pence

1992 93 94 95 96

Source: Datastream

200 180 160 140 120 100 80 60 40 20

1992 93 94 95 96

Source: Datastream

John Willcock CITY DIARY

'Drivel' charge in travel insurance war of words

Round Two in the war of words between Barclaycard and the travel insurance company WorldCover Direct. The latter yesterday accused Barclays of talking "absolute drivel" while Barclays retorted that WorldCover's tactics were "fairly cheap. I've nothing more to say...there's not much to be gained from it."

The spat concerns Barclaycard's famous TV ads starring Rowan Atkinson in which all sorts of scrapes are solved by the card's various forms of free insurance. On Tuesday WorldCover launched a press offensive against Barclaycard, labelling the ads "a complete con," and claiming the card did not deliver travel cover in the way implied by the ads.

Barclays replied that it always made it clear travellers should buy separate travel insurance as well as take the card. Yesterday Jonathan Biles, a director of WorldCover, poured petrol on the bonfire: "To assert at this stage that they've always said one should get separate travel insurance is absolute drivel."

The very essence of their advertisements intimate that with a Barclaycard, all sorts of disasters are automatically fully covered. This is simply not true.

Barclays did not feel like rising to the bait again yesterday. A spokesman merely replied as above. Whether Barclays will take any kind of legal action against WorldCover has not been decided. "It's not for me to say," said the spokesman.

Archie Norman, the cherubic chief executive of Asda, has scooped the Retailer of the Year award - sponsored by NatWest Securities - with a thumping 41 per cent of the vote. Mr Norman travelled down from Leeds to accept the award and his prizes, which included a signed football (Mr Norman regularly turns out for the Asda football team) and a Leeds United replica shirt with his name on the back.

Appropriately for a man with rumoured political ambitions it also bore the number 10. But in a speech that was almost presidential in its polish Mr Norman

expressed nervousness about his prospects given the fate of previous winners, who include Sir Ralph Halpern and Gerald Ratner: "None of them are in jail. Some are still employed. One or two are even doing quite well," he said. Even so, sell Asda.

Staying with the football theme, Peter Middleton, who moved recently from the helm at Lloyds of London to the even more lucrative pastures of Salomon Brothers, faces a cruel choice this weekend. He is a life-long Middlesbrough supporter, yet has recently been spotted presenting post-match awards at Chelsea.

Chelsea chairman Matthew Harding is a good friend of Middleton, who now lives near the ground. On Sunday Borough take the coach down to Stamford Bridge - so which team will he support? Middleton was keeping his head well down on the subject yesterday.

14 February is St Valentine's Day. Disturbingly, it is also National Impotence Day. Whatever can this mean?



If you work for an investment bank, watch out: Eddie George is going on the piste. A chill wind blew through the Square Mile yesterday as word spread that the Governor of the Bank of England is about to embark on a week-long skiing holiday almost exactly a year after another ill-fated trip to the slopes - rudely interrupted by the collapse of Baring, the blue-blooded merchant bank.

It was on Sunday 26 February the Bank took the fateful decision not to bail out Baring with public money, since the £800m-plus losses from Nick Leeson's derivatives gambling had not been capped. Just days before, Mr George had arrived at his ski chalet when he received news of the crisis, and was forced to fly back without having been up a chair-lift.

Bank staff are confident, however, that the Governor's imminent trip to Avoriaz in the French Alps does not signal a repetition. No doubt Chancellor Ken Clarke wishes him a safe journey down the black runs.

NOTICE TO INVESTORS

National & Provincial Building Society hereby gives notice that the annual rates of interest payable on the following accounts, with effect from 2 February 1996, will be as indicated below:

Name of Account	Minimum Balance	Gross Interest Rate*	Net Interest Rate**
Instant Reserve	1	1.00	0.75
Under 16s receive	250	1.25	0.93
£500 rate for	500	2.60	1.95
£1 to £500	2,500	2.80	2.10
	5,000	3.10	2.32
	10,000	3.60	2.70
	25,000	4.00	3.00
Private Reserve	500	3.35	2.51
Annual Interest	5,000	3.55	2.66
	10,000	4.25	3.18
	25,000	4.80	3.60
	50,000	5.05	3.78
	100,000	5.15	3.86
Private Reserve	500	3.30	2.47
Monthly Income	5,000	3.50	2.62
	10,000	4.17	3.12
	25,000	4.70	3.52
	50,000	4.94	3.70
	100,000	5.04	3.78
Investment Reserve	5,000	4.85	3.63
Annual Interest†	10,000	5.25	3.93
	25,000	5.50	4.12
	50,000	5.75	4.31
	100,000	6.00	4.50
Investment Reserve	5,000	4.80	3.60
Monthly Income†	10,000	5.19	3.89
	25,000	5.43	4.07
	50,000	5.67	4.25
	100,000	5.91	4.43
Treasurer's Reserve	1	1.75	1.31
	500	3.15	2.36
	5,000	3.40	2.55
	10,000	4.00	3.00
	25,000	4.45	3.33

*The gross interest rate shown is the rate payable without taking account of the deduction of income tax.
**The net interest rate shown represents the gross interest rate after the deduction of income tax at the basic rate (currently 25%).†Gross interest rates quoted for Investment Reserve include 1.50% gross extra interest payable on 1 June each year (or on the first of each month for monthly income option) provided that withdrawal conditions are met and balance remains over £5,000.

All other variable rate accounts not specifically mentioned in this notice remain unchanged.

To find out more, call us now on
0800 80 80 80
quoting code 3401.



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National & Provincial Building Society
Provincial House, Bradford BD1 1NL. Telephone: 01274 733444. Fax: 01274 737918.

Toys 'R' Us forced into \$270m re-structuring

DANIELLE ROBINSON
New York

Toys 'R' Us, the biggest toy retailer in the US, is closing 25 stores world-wide and taking a \$270m charge against fourth-quarter 1995 earnings in a bid to stay ahead of increasingly aggressive competitors such as Target and Walmart.

The company said its charge would cover the cost of a re-structuring that involves dumping less popular toy lines and overhauling inventory, closing 15 stores in the US and 10 in Europe, consolidating three distribution and seven administration centres world-wide and making accounting changes costing \$24m.

Michael Goldstein, the company's chief executive officer, said the move was aimed at increasing profits in 1996 and beyond, raising return on equity and improving cash flow.

"We believe that between the reduction in our cost struc-

ture and the benefits anticipated from repositioning our merchandise offerings, the re-structuring should provide at least a \$50m benefit to operating earnings in 1996 and a greater amount in 1997 and thereafter," Mr Goldstein said.

Based on preliminary results, Mr Goldstein estimated 1995 operating profits before the re-structuring charge to be about \$590m for the fourth quarter and \$740m for the full year ending 3 February.

That would equate to earnings per share of about \$1.30 in the fourth quarter from \$1.46 in the previous corresponding period and about \$1.50 for the full year (\$1.85).

The re-structuring comes as Toys 'R' Us, once hailed as a trend-setter in the international retail industry with its idea of providing low-cost specialty supermarket chains selling only toys, was suddenly being threatened by general retailing giants

such as Walmart.

"This restructuring is an overdue move," said Sean McGowan, retail analyst at Gerard Klauer Mattison in New York.

"The most important issue in this industry is retail competitive pricing."

"Toys 'R' Us dominated this business based on lower prices, but in the last five years Walmart, Target and Kmart have become bigger factors and even more competitive on price - particularly Walmart and Target because they use toys to help build traffic for the whole store. In many instances they sell toys at cost."

Walmart is the second-largest toy retailer in the country and growing faster than Toys 'R' Us.

The inventory overhaul will save Toys 'R' Us money and rid its stores of cluttered aisles. Instead it will focus on products with the greatest impact on consumers.

Trade Indemnity agrees £177m offer from French

JOHN EISENHAMMER
Financial Editor

Trade Indemnity, the British credit risk insurance company, has agreed a £177m cash offer from the French Compagnie Financière SFAC, continuing the international consolidation in the sector.

The offer is 97p in cash a share, and shareholders in Trade Indemnity will be entitled to a second interim dividend of 1.4p net per share.

SFAC said the offer represented a 33 per cent premium over Trade Indemnity's share price at the close of business on 31 January 1995.

SFAC's biggest shareholder is the French insurance company, AGF, which owns a direct 49.9 per cent stake.

The main company in the SFAC group specialises in domestic credit transactions in the French commercial market. Trade Indemnity is a UK market leader in the provision

of domestic short-term trade credit insurance and has a growing export credit insurance book.

Both companies have reacted to growing demand from customers for cover outside domestic areas of operation.

"Our clients are becoming increasingly global in the scope and scale of their operations. It is essential that the credit insurance industry develops to meet these demands," said John Bishop, chief executive of Trade Indemnity, who will join the new group's management board.

"We have been working closely with Compagnie Financière SFAC for many years and are convinced that a partnership with them provides the best way to achieve this objective."

Undertakings to accept the offer have been received from Commercial Union, Guardian Royal Exchange, Munich Re and Swiss Re in respect of 53

per cent of Trade Indemnity's share capital.

The boards of the two companies said the creation of the new group would bring strong commercial benefits and create new opportunities, building on their respective market positions in the UK and France.

Trade Indemnity's performance in the second half of 1995 has continued in line with management expectations, following good first-half interim, the company said.

Preliminary full-year results will be published in the middle of this month.

Paul Henri Denieul, chairman and chief executive of SFAC, said:

"We have recognised that the successful future development of international trade credit insurance requires the capability to deliver genuinely multi-national risk coverage combined with locally provided service."

COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Peter Black (t)	68.8m (68.8m)	8.3m (8.4m)	10/18p (10.65p)	1.37p (1.28p)
Misys (t)	130m (62.9m)	19.2m (11.2m)	18.9p (16.2p)	2.97p (3.45p)
Regent Corp (t)	0.98m (1.68m)	-1.34m (0.30m)	-5.58p (0.19p)	nil (-)
Scotwood Inds (t)	0.72m (0.58m)	0.08m (0.08m)	1.54p (0.95p)	1p (nil)
Select Inds (t)	0.48m (0.60m)	-0.08m (-0.93m)	-0.02p (-0.41p)	nil (nil)
Whitney Mackay Lewis (t)	1.27m (1.47m)	0.11m (-0.18m)	1.8p (-2.7p)	nil (-)
Wholesale Fittings (t)	45.8m (38.3m)	2.20m (1.02m)	10p (7.18p)	3.5p (3.25p)

(t) - Total (t) - interim

IN BRIEF

Unilever pours £76m Irish cuppa

Unilever is growing its tea operations in the Irish Republic by acquiring a majority stake in the country's leading tea producer. The Anglo-Dutch group's Irish arm will pay Allied-Domecq Ir£73.1m (£76.1m) for its 75 per cent stake in Lyons Irish.

Lick of paint for Harrisons & Crosfield

Harrisons & Crosfield is paying around \$30m for Daniel Products, a US producer of dispersions and additives for the paint and coatings industry. Based in New Jersey, Daniel develops and manufactures a range of pigments and other dispersions used in paints. It made pre-interest profits of \$3.1m on sales of \$24.3m in 1994.

Data Sciences to seek listing

IT specialist Data Sciences is to seek an official stock market listing within three months, the company said yesterday. Hambro is financial adviser and James Capel stockbroker to the issue which is expected to raise around £40m and value the company at £80m.

Baldwins shelves market plan

Baldwins Industrial Services, the UK's third-largest mobile crane hire and lifting services business, is to shelve plans to come to the stock market. It said the terms available were not acceptable to family shareholders.

Zeneca expands into Thailand

Zeneca Pharmaceuticals has opened a joint venture to promote the drugs group's products in Thailand. Ownership of Zeneca Pharma Asiatic is shared with the East Asiatic (Thailand) Public Company, which has distributed Zeneca's products in Thailand for 30 years. Current turnover in the country is over £4m a year.

Roxboro pays \$8m for US group

Roxboro, the specialist electronics group, has acquired Pressure Systems of Virginia for \$7.6m plus debt of up to \$4m. The privately-owned sensor and instrumentation company made pre-interest profits of \$630,000 on turnover of \$9.6m in the year to October.

Clyde Blowers wins £5m contract

Clyde Blowers, the specialist engineering group, has won a £5m contract to replace the precipitator ash handling plant at Scottish Power's Longannet power station. Between April 1996 and the first quarter of 1997, Clyde will supply and install two 600-tonne storage silos, plus compressors, valves, pipework and other civil engineering work.

Select Industries cuts losses

Cash-rich Select Industries said it was on the acquisition trail yesterday after reducing losses in the six months to December from £931,000 to £55,000. The puncture-proof wheel and tyre systems group has liquid assets of £5.1m including £4.7m of cash, together

market report/shares

TAKING STOCK

Growing fear of store wars sees Tesco left on the shelf



MARKET REPORT

DEREK PAIN

Stock market reporter of the year

Tesco was caught in the stock market check-out as NatWest Securities cut its profit estimates. The shares fell 6.5p to 292p when it became known the investment house was fretting about squeezed margins, the petrol price war and the slowdown in the opening of new supermarkets.

NatWest has trimmed its forecast for the year ending this month to £678m but it is the much more savage reductions it has made for the next two years which have intrigued the stock market.

Next year's profit estimate has been slashed by £37m to £726m and the following year's by £69m to £774m.

NatWest's more cautious approach to the supermarket business left some of Tesco's rivals lower with Argill, the Salford chain, off 5.5p to 328p.

The rest of the market failed to build on its recent strength,

despite the well-signalled transatlantic interest rate cut. The FT-SE 100 index shaded 6.5 points to 3,752.8 although supporting shares continued to edge ahead in brisk trading.

Trade Indemnity was among the best movers with a 24p gain to 97p following the agreed £177m cash bid. Mitsy, the computer group, managed a 62p gain to 637p following results.

Hanson continued to reflect the market's surprising disenchantment with its four-way split. Once again the shares retreated in busy trading with the price off 9p to 193.75p.

But, Rolls-Royce climbed 4.5p to 208.5p on the Henderson Crosthwaite target of 240p and Cable & Wireless, up 7.5p to 452p, was supported by a Merrill Lynch recommendation.

Takeover hopes again glowed at Yorkshire Electric-

ity with indications a US strike was near. The shares gained 17p to 736p. It is suspected underwriting for the offer is well advanced. A strike is expected early next week.

And Perpetual, the fund manager, scornfully shrugged aside talk that bid speculation was "complete nonsense", jumping another 50p to a new peak of 2,183p.

Christie International held at 208p as Peter Blythe, the auctioneer's deputy finance director, said he was at a loss to explain the share build-up of Bahamas-based Joseph Lewis who has 28.73 per cent through his Abel vehicle.

Mr Lewis, who started buy-

ing two years ago, has said he is a long-term investor. But his continuing bidding for the auctioneer's shares has provoked thoughts he may have more ambitious plans.

Reed International, off 24p to 1,012p, was allegedly hit by negative comments from ABN Amro Hoare Govett. But the securities house denied it had adopted a cautious approach.

Wishaw, the engineering which has been in ragged retreat since peaking at 80p in September, bounced 5p to 45p as the company declared it could "see no justification" for the share slump.

Last year Wishaw produced £5.1m; around £6.5m is ex-

pected for the current year. Reports that Elektrowatt, the Swiss electricity generator, had put its stakes in Eurodis Electron and Unitex up for sale produced little excitement.

Eurodis, where the Swiss group is sitting on 42 per cent, gained 11p to 303p. Unitex, with a 29.5 per cent Swiss involvement, held at 480p.

Dean Corporation, the little AIM-traded property services group, rose 2p to a 13p peak on its expansion hopes and Middlesex, the metals group, held at 8.25p on talk Sir David Alliance, already deeply involved, was planning to sharply increase his interest.

Ashbourne, the nursing homes chain, rose 7p to 141p as Sun Healthcare, the US group, lifted its interest to 23.9 per cent, by buying 2.1 million shares.

The bio-babes had a wound-

ing session as Celltech slumped 163p to 518p as its asthma drug

was withdrawn after the latest trials. However, British Biotech displayed remarkable resilience; after crashing 270p the shares closed at 2,113p, a mere 10p decline.

Others were not so fortunate. Covect International dived 22p to 222p and Cantab Pharmaceuticals lost 35p to 470p. Starford Rook plunged 40p to 433p.

But, ML Laboratories, a firm to 454p. There is talk of an investment presentation next week.

ERF, the lorry maker, reversed 60p to 182p on its profit warning. Vibroplant was another profit warning casualty, off 11p to 86p. Boardroom departures lowered Regent Corporation, a struggling housebuilder, 0.5p to 4p.

Farnell, the electrical distributor, encountering City opposition to its US takeover, gained 21p to 667p as supporters slipped up.

Memory Corporation, with a system for revitalising defective computer chips, jumped 27p to 450p as UBS put its undoubted weight behind the blue-chip AIM-traded group.

Analyst Ross Jobber said his target price was £10 a share by early 1998. They have fallen from a 553p peak in September. Mr Jobber said Memory was moving into profitability and was set to make powerful returns after its initial development losses. A US share quote is likely later this year.

Bardon, the aggregates group, rose another 2p to 40.5p in another session of heavy trading. The shares have risen from 23p in November. Camas, the road-side group once part of English China Clay, has emerged as the likely bidder. Its share held at 83p.

DATA BANK

FT-SE 100	3,752.8	+6.5
FT-SE 250	4,128.9	+3.9
FT-SE 350	1,888.8	+2.2
SEMI VOLUME	885.5m shares	
32,607 bargains		
Share Index	95.29	-0.02

SHARE SPOTLIGHT

Share price, pence



15 JANUARY 2000

Source: FTSE

Prices are in pence

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Alcoholic Beverages

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Banks, Merchant

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays	10.00	0.00	100	10.00	0.00	100
Barclays	10.00	0.00	100	10.00	0.00	100
Barclays	10.00	0.00	100	10.00	0.00	100

Banks, Retail

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays	10.00	0.00	100	10.00	0.00	100
Barclays	10.00	0.00	100	10.00	0.00	100
Barclays	10.00	0.00	100	10.00	0.00	100

Breweries, Pubs & Rest

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Diversified Industries

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Engineering Vehicles

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Extractive Industries

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Food Manufacturers

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Gas Distribution

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Health Care

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Investment Companies

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Investment Trusts

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Life Assurance

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Media

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Pharmaceuticals

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Printing & Paper

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Property

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Support Services

Stock	Price	Chg	Vol	Price	Chg	Vol
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100
Adnoca	10.00	0.00	100	10.00	0.00	100

Murphy
in t

Foreign Exchange Rates

STERLING

Country Spot 1 month 3 months

US 1591 12-10 34-31

Canada 2002 12-10 34-31

Germany 1255 12-10 34-31

France 1255 12-10 34-31

Italy 1255 12-10 34-31

Japan 1255 12-10 34-31

Belgium 1255 12-10 34-31

Denmark 1255 12-10 34-31

Netherlands 1255 12-10 34-31

Sweden 1255 12-10 34-31

Switzerland 1255 12-10 34-31

Australia 1255 12-10 34-31

New Zealand 1255 12-10 34-31

South Africa 1255 12-10 34-31

Singapore 1255 12-10 34-31

DOLLAR

Country Spot 1 month 3 months

US 1000 - -

Canada 1255 12-10 34-31

Germany 1255 12-10 34-31

France 1255 12-10 34-31

Italy 1255 12-10 34-31

Japan 1255 12-10 34-31

Belgium 1255 12-10 34-31

Denmark 1255 12-10 34-31

Netherlands 1255 12-10 34-31

Sweden 1255 12-10 34-31

Switzerland 1255 12-10 34-31

Australia 1255 12-10 34-31

New Zealand 1255 12-10 34-31

South Africa 1255 12-10 34-31

Singapore 1255 12-10 34-31

D-MARK

Country Spot

US 1000 - -

Canada 1255 12-10 34-31

Germany 1255 12-10 34-31

France 1255 12-10 34-31

Italy 1255 12-10 34-31

Japan 1255 12-10 34-31

Belgium 1255 12-10 34-31

Denmark 1255 12-10 34-31

Netherlands 1255 12-10 34-31

Sweden 1255 12-10 34-31

Switzerland 1255 12-10 34-31

Australia 1255 12-10 34-31

New Zealand 1255 12-10 34-31

South Africa 1255 12-10 34-31

Singapore 1255 12-10 34-31

OTHER SPOT RATES

Country Sterling Dollar

Argentina 1255 12-10 34-31

Australia 1255 12-10 34-31

Belgium 1255 12-10 34-31

Canada 1255 12-10 34-31

Denmark 1255 12-10 34-31

Netherlands 1255 12-10 34-31

Sweden 1255 12-10 34-31

Switzerland 1255 12-10 34-31

Australia 1255 12-10 34-31

New Zealand 1255 12-10 34-31

South Africa 1255 12-10 34-31

Singapore 1255 12-10 34-31

Forward rates quoted Jan to Dec are at a discount

Other rates quoted are on a forward basis

For the forward exchange rate call 0871 1234567

Cable cost 50p per minute (foreign rates only)

TOURIST RATES

Country 1 Day 7 Days 1 Month 3 Months 6 Months 1 Year

Australia (Aust) 1800 1700 1600 1500 1400 1300

Canada (Can) 1800 1700 1600 1500 1400 1300

France (Fr) 1800 1700 1600 1500 1400 1300

Germany (Ger) 1800 1700 1600 1500 1400 1300

Italy (It) 1800 1700 1600 1500 1400 1300

Japan (Jpn) 1800 1700 1600 1500 1400 1300

Spain (Spn) 1800 1700 1600 1500 1400 1300

Switzerland (Swt) 1800 1700 1600 1500 1400 1300

United States (US) 1800 1700 1600 1500 1400 1300

Interest Rates

Country Sterling Dollar

UK 6.25% 6.25%

Germany 6.25% 6.25%

France 6.25% 6.25%

Italy 6.25% 6.25%

Japan 6.25% 6.25%

Belgium 6.25% 6.25%

Denmark 6.25% 6.25%

Netherlands 6.25% 6.25%

Sweden 6.25% 6.25%

Switzerland 6.25% 6.25%

Australia 6.25% 6.25%

New Zealand 6.25% 6.25%

South Africa 6.25% 6.25%

Singapore 6.25% 6.25%

Bond Yields

Country 3yr yield 5yr yield 10yr yield

UK 6.25% 6.25% 6.25%

Germany 6.25% 6.25% 6.25%

France 6.25% 6.25% 6.25%

Italy 6.25% 6.25% 6.25%

Japan 6.25% 6.25% 6.25%

Belgium 6.25% 6.25% 6.25%

Denmark 6.25% 6.25% 6.25%

Netherlands 6.25% 6.25% 6.25%

Sweden 6.25% 6.25% 6.25%

Switzerland 6.25% 6.25% 6.25%

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New Zealand 6.25% 6.25% 6.25%

South Africa 6.25% 6.25% 6.25%

Singapore 6.25% 6.25% 6.25%

Money Market Rates

Country 3 Month 6 Month 1 Year

UK 6.25% 6.25% 6.25%

Germany 6.25% 6.25% 6.25%

France 6.25% 6.25% 6.25%

Italy 6.25% 6.25% 6.25%

Japan 6.25% 6.25% 6.25%

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New Zealand 6.25% 6.25% 6.25%

South Africa 6.25% 6.25% 6.25%

Singapore 6.25% 6.25% 6.25%

LCU Financial Futures

Contract Settlement price High/Low for day Est/Cost Open Interest

Long GB (Mar 95) 100.00 100.00 100.00 100.00 100.00

Short GB (Mar 95) 100.00 100.00 100.00 100.00 100.00

Long US (Mar 95) 100.00 100.00 100.00 100.00 100.00

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Life FT-SE Index Option

Series Closing price 3753.0 closing offer Cost/pt Total Vol

Mar 95 3753.0 3753.0 3753.0 3753.0 3753.0

Apr 95 3753.0 3753.0 3753.0 3753.0 3753.0

May 95 3753.0 3753.0 3753.0 3753.0 3753.0

Commodities

INDUSTRIAL METALS - London Metal Exchange

Aluminum Cash 1000 1000 1000 1000 1000

Copper 1000 1000 1000 1000 1000

Lead 1000 1000 1000 1000 1000

Nickel 1000 1000 1000 1000 1000

Platinum 1000 1000 1000 1000 1000

Steel 1000 1000 1000 1000 1000

Zinc 1000 1000 1000 1000 1000

PRECIOUS METALS

Commodity Price Bid Offer

Gold 1000 1000 1000 1000 1000

Silver 1000 1000 1000 1000 1000

Palladium 1000 1000 1000 1000 1000

Platinum 1000 1000 1000 1000 1000

AGRICULTURAL

Commodity Price Bid Offer

Cocoa 1000 1000 1000 1000 1000

Coffee 1000 1000 1000 1000 1000

Wheat 1000 1000 1000 1000 1000

Soybeans 1000 1000 1000 1000 1000

Maize 1000 1000 1000 1000 1000

Rice 1000 1000 1000 1000 1000

Sugar 1000 1000 1000 1000 1000

ENERGY

Commodity Price Bid Offer

Crude Oil 1000 1000 1000 1000 1000

Natural Gas 1000 1000 1000 1000 1000

Coal 1000 1000 1000 100

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Murphy walks tall in the sprint

Catherine Murphy looks very likely to add the AAA 200 metres indoor title this weekend to the outdoor version she won last summer. It will serve to reinforce her status as one of British athletics' outstanding young talents.

Last season was Murphy's first as a senior - she only turned 20 last September - and her victory in Birmingham qualified her for an appearance at the World Championships, where she ran against the likes of Merlene Ottey and Irina Privalova in the relay.

At last Saturday's match against Russia she lowered her indoor personal best to 23.46sec, a Welsh record, and close to her outdoor best of 23.40, the Olympic qualifying mark of 23.24 looks fully within her capabilities.

These are exciting times for Murphy. Exciting, and exhilarating. She is currently at full stretch in her efforts to combine athletics, for which she trains five nights a week, with serious studying: she is half-way through a three-year law degree at Brunel University.

Having dealt with criminal and family law, she has had the luxury of a week's break before this weekend's competition. Then it is back to university to acquaint herself fully with court procedure, rules of property and US constitutional law.

"By the time I have studied in the day and trained at night, there isn't room for much else," she said. Sleeping, not surpris-

Mike Rowbottom meets a burgeoning talent who is set to make an impact at this weekend's AAA Indoor Championships

ingly, has become a favoured pastime.

Murphy, however, has already demonstrated her staying power. Her last AAA indoor sprint title was won six years ago, and in the intervening time she encountered a run of injuries - to hamstring, knee and ankle - which virtually wiped out two seasons. Female athletes aged 15 or 16 are notoriously prone

'I used to think that I was only winning because I was so tall'

to dropping out of the sport, but Murphy has hung in there.

"I always knew that I was capable of beating the people who were winning while I was injured," she said. "Although I didn't expect to go as high as this when I was older, I used to think I was only winning my races because I was so tall for my age."

Murphy's career began to revive three years ago, when she joined Mike McFarlane's training group at Harrogate. John Regis, Tony Jarrett and, more recently, the Commonwealth Games finalist Geraldine McLeod have all helped with

advice and support. Richard Simmons, the national sprint coach, sees the strength of McFarlane's group as one of the major reasons for her success in the past 18 months.

She is also reaping the benefits now for a strength training programme she started on two years ago. "That is a very important factor for women, but for many of them it is quite a step to go into a weights room and take on that kind of work."

"She still needs to work on her speed base; her times for 60 and 100 metres are not that good. But in the long-term she has got outstanding potential in the 400 metres, which could turn out to be her best event."

"Catherine is a big talent. She has made a lot of progress in the last 12 months, and it shows no sign of stopping. She hasn't done a lot of preparation for an indoor season but she is going well already."

Murphy has also received enormous support from her parents, Judy and Eamon, who were both athletes of note themselves. Her mother was Welsh 100 yards champion at 14; her father was the Staffordshire county long jump champion.

Not surprisingly, the Murphy household - in Hemel Hempstead - has always followed athletics with interest. "I re-



Keep on running: Catherine Murphy prepares outdoors for her 200m indoor challenge

Photograph: Peter Jay

member sitting watching the 1984 Olympics," she said. "My parents couldn't get me away from the television." Twelve years on she could be even more closely involved in the Games.

Murphy's re-emergence in the past two years has been welcomed by Keith Antoine, who coaches her main rival, the 21-year-old Katharine Merry.

"Catherine has made a good step up from the junior ranks," Antoine said. "It all adds to the competition. The next generation are coming along and saying: 'We intend to take over.' That has got to be good for the event in this country."

Merry is still recovering from an operation she had after Christmas on her calf, but she

is back in training and looking forward to challenging for an Olympic place. With Paula Thomas in decent form after a recent training break in South Africa, Britain could have three women 200m runners in a major championships for the first time in several years.

That is the sort of base from which it is possible to strike out

towards individual international medals... but for now, Murphy is simply concentrating on stepping into the Olympic arena. Another title in Birmingham on Sunday will keep her moving in the right direction. At 5ft 8in - tall, but not outstandingly so - she is finally being persuaded that her success is down to more than her height.

Henman reaches first Tour semi-final

Tennis

Tim Henman beat his Davis Cup colleague, Mark Petchey, 6-1, 7-6 in the quarter-finals of the Shanghai Open yesterday to reach the semi-finals of an ATP Tour event for the first time.

The 21-year-old second seed, No 84 in the world, is now almost certain to climb into the top 70 in the rankings to be announced later this month, even if he makes no further progress. Henman will play the No 6 seed, Andrei Olhovskiy, probably tomorrow.

The top seed, Jeff Tarango, beat Danny Sapsford 5-7, 6-0, 6-3 in the second round, his second successive victory over a British player. Tarango beat Jeremy Bates in straight sets in the first round on Tuesday.

Monica Seles, showing no after-effects of the shoulder injury which forced her out of the doubles, cruised into the quarter-finals of the Pan Pacific indoor tournament in Tokyo. Seles, playing her first match since she won the Australian Open, defeated the unseeded Romanian Irina Spirlea 6-4, 6-2 in 55 minutes. Seles takes on the eighth seed, Iva Majoli, in the next round. Majoli defeated Brenda Schultz-McCarthy 7-6, 7-3.

In other second-round matches, the 15-year-old Swiss Martina Hingis easily defeated Ai Sugiyama, beating the unseeded Japanese 6-0, 6-3. Hingis next meets Naoko Sawamatsu, who surprisingly beat the No 4 seed, Kimiko Date, on Wednesday.

Weather may blow Cure to Leopardstown

Racing

JOHN COBB

With rising tipping prospects for tomorrow's turf racing in Britain, the focal point for those hoping for Cheltenham clues looks likely to be Leopardstown's meeting on Sunday, featuring the Gold Cup aspirants Master Oats and Jodami.

Monsieur Le Cure may also

make the line-up, but his owner, Hector Brown, is wary of making the trip to Ireland after his horse had an expensive excursion there last year for a Punchestown meeting which was subsequently abandoned. The Aga Diamond Chase at Sandown is the immediate option.

"Monsieur Le Cure is very well and John Edwards is keen for him to have a run before Cheltenham," Brown said. "Af-

ter this weekend we have the Jim Ford Chase at Wincanton and then the Racing Post Chase and Greenalls at Haydock at the end of February as options.

"I think he demonstrated last time [behind One Man] that he is out of the top drawer. We don't like to miss a race, but Gold Cup day at Cheltenham was the uppermost in our mind."

Both Monsieur Le Cure and Master Oats would be suited by

boggy ground in Ireland, but the prediction of yielding going at Leopardstown is not as important to connections as the forecast of what the weather may do to the weekend's fixtures.

Leopardstown looks safe with milder weather on the way for Sunday, but Sandown and Cheltenham's Saturday cards are threatened after the return of frosty conditions. Sandown's clerk of the course, Andrew

Cooper, said: "We will cover up but you can't cover the whole course. I think it is inevitable that we will have an inspection on Saturday morning."

Prospects at Wetherby are brighter but there will be an inspection there this morning to confirm local optimism.

If Sandown goes ahead, Adri- an Maguire will return to the saddle, providing he can convince the racecourse doctor

Path takes Tim Easterby on same route as father

Racing

JOHN COBB

On his first day with a training licence, Tim Easterby made his mark at Sedgfield yesterday with the victory of Bridge Path in the novices' hurdle.

Easterby, 33, stepped into the shoes of his father, Peter, who retired on Wednesday. The 66-year-old is the only modern-day trainer to reach 1,000 winners both on the flat and in National Hunt racing. His last and 1,002nd jumping success - Bal-

hernoch - was eight days ago also at Sedgfield.

"I'm delighted to have done it so quickly, even though it was unexpected," Easterby said. "I knew the horse was fit but I didn't think he'd be good enough."

The rookie trainer's best chances of landing a major event in his first season rest with Thornton Gate, a probable runner in the Tote Gold Trophy at Newbury tomorrow week.

RESULTS

LINGFIELD

1.50: 1. ANZIO (D) (McDonnell) 7-2; 2. In-bernet (Miles) 15-8; 3. LUN (B) 10-1; 4. 5-4; 5. Star Talent (Miles) 3-1; 6. 10-1; 7. 10-1; 8. 10-1; 9. 10-1; 10. 10-1; 11. 10-1; 12. 10-1; 13. 10-1; 14. 10-1; 15. 10-1; 16. 10-1; 17. 10-1; 18. 10-1; 19. 10-1; 20. 10-1; 21. 10-1; 22. 10-1; 23. 10-1; 24. 10-1; 25. 10-1; 26. 10-1; 27. 10-1; 28. 10-1; 29. 10-1; 30. 10-1; 31. 10-1; 32. 10-1; 33. 10-1; 34. 10-1; 35. 10-1; 36. 10-1; 37. 10-1; 38. 10-1; 39. 10-1; 40. 10-1; 41. 10-1; 42. 10-1; 43. 10-1; 44. 10-1; 45. 10-1; 46. 10-1; 47. 10-1; 48. 10-1; 49. 10-1; 50. 10-1; 51. 10-1; 52. 10-1; 53. 10-1; 54. 10-1; 55. 10-1; 56. 10-1; 57. 10-1; 58. 10-1; 59. 10-1; 60. 10-1; 61. 10-1; 62. 10-1; 63. 10-1; 64. 10-1; 65. 10-1; 66. 10-1; 67. 10-1; 68. 10-1; 69. 10-1; 70. 10-1; 71. 10-1; 72. 10-1; 73. 10-1; 74. 10-1; 75. 10-1; 76. 10-1; 77. 10-1; 78. 10-1; 79. 10-1; 80. 10-1; 81. 10-1; 82. 10-1; 83. 10-1; 84. 10-1; 85. 10-1; 86. 10-1; 87. 10-1; 88. 10-1; 89. 10-1; 90. 10-1; 91. 10-1; 92. 10-1; 93. 10-1; 94. 10-1; 95. 10-1; 96. 10-1; 97. 10-1; 98. 10-1; 99. 10-1; 100. 10-1; 101. 10-1; 102. 10-1; 103. 10-1; 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FIVE NATIONS COUNTDOWN: The selfless man of Welsh rugby, who will give his all as national coach, talks to Steve Bale

Bowring burdened with great expectation

Kevin Bowring's choice of rugby paragon says everything about him, because if ever there was an unsung hero of the great Wales teams of a quarter of a century ago when young Kev was in his teens it was David Morris, the ultimate players' player. A bit like Bowring.

That both played at No 8 for Neath is an obviously direct link. But more important for Bowring as he steps from the poisoned chalice as Wales' first full-time national coach is that Morris unfailingly sacrificed himself for the team. So much so that despite being an absolutely critical member of the superb Welsh Grand Slam side of 1971 he was the only one who did not make that year's Lions tour of fabled memory to New Zealand.

That, you might say, was the ultimate sacrifice, though Morris never complained. He was taciturn, a quiet collier certainly

'I came here with my eyes open and I know there will be ups and downs'

not given to speeches, whereas in his former incarnation as a teacher at one of England's grandest public schools Bowring developed articulacy and pedagogic skills which he is now bringing to the salvation of Welsh rugby.

And that is precisely the problem, because the burden of expectation on the coach - any coach - after the long years of failure that succeeded the long years of success is frankly more than one salvationist should have to bear. Or at least it was when the position was an honorary one, as it was for all 10 of his predecessors since David Nash started the dynasty in 1968.



Pointing the way: Kevin Bowring, the principality's first full-time national coach, is in the midst of the team he will mould in his own image

Photograph: Peter Jay

on looking ahead, and by that he means further than tomorrow's game against England at Twickenham.

"We have a great tradition and high expectations but we need to develop our game, because while rugby has been developing world-wide ours has stagnated and become too insular in its approach," he said. "We are catching up quickly but there is a lot of work to do and I'm not underestimating the pressures either on me or on the players."

This is now such received wisdom that in rubbishing some of the things that have happened - and others that have not but should have - in Welsh rugby Bowring is not even being controversial. Indeed recent years have been characterised by an endless cycle of self-flagellation, an agonising baring of the soul which may have bred a healthy realism but has also sunk the Welsh into unhealthy gloom.

A succession of coaches has come and gone - Bowring is

the sixth since 1988 - with many fine words but without discernible improvement. The new man is contracted until the end of the 1999 World Cup, so far from being still more precarious as an employee of the Welsh Rugby Union, he actually has more security than any of the honorary Wales coaches ever had.

"I came in with my eyes open and I know there will be ups and a lot of downs," Bowring said, making it sound as if he has been talking to

some of his unhappier predecessors. One can, for instance, well imagine Alan Davies and possibly Alex Evans counselling against his appointment, though neither had the professional support-base that is at Bowring's disposal.

"It's a personal challenge, part of my personal development, to see how I can cope with it," he added. "I'm learning all the time and I know I'm not the finished article. It's a growing experience but what happens after this and how

long it lasts will be measured in terms of results. Perhaps we have put the coach on a pedestal to rectify all evils, relied just on the personality and not looked at the structure that supports him. That will not work."

Had it not changed - with Bowring the top-down man soon to be accompanied by Terry Cobner, the bottom-up man, as the WRU's director of rugby - it is unlikely he would have taken the chance. At 41, he had ascended the repre-

sentative coaching ladder with Wales Under-20, Under-21 and A, but for 10 years had had a job he cherished as director of physical education and head of games at Clifton College, Bristol.

He took the risk. When Evans was in hospital in November Bowring acted as caretaker-coach for the Wales-Fiji game and, with Evans back home in Australia, made his professional debut against Italy a fortnight ago. Two games, two victories - and however ago-

nised they may have been, that is two more than Wales achieved last season.

"As far as I was concerned, it was a natural progression after 20 years of professional development, as a rugby player, a PE/sports-science graduate, PE teacher, and as someone involved in coaching," he said. "My view on life is that you step up until you step out and while it was perhaps a difficult decision to leave Clifton I couldn't live with myself if I hadn't."

In actual fact he has not quite left Clifton. Mrs Wendy Bowring is head of the prep school there and both Bowring children are Clifton pupils. Kevin still gives a double lesson once a week in A-level sports studies as a usefully anonymous antidote to the overbearing attention that has been turned on him in the build-up towards the England game.

It was seldom like this dur-

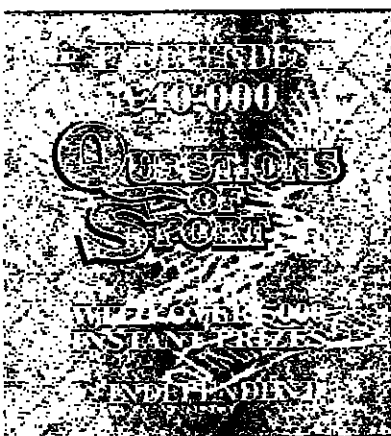
'It's a personal challenge, part of my development, to see how I can cope with it'

ing his playing career, spent exclusively with London Welsh - an unsung hero in the Morris mould to those beyond the confines of Old Deer Park - once he had gone through the noted rugby academy at Borough Road College. (Later called West London Institute) and had half a dozen holiday-time games for Neath. One, unfortunately for Bowring, was in the back row alongside Dai Morris, then in his rugby dotage.

If nothing else, this gave him a feeling of excitement and excitability vaguely akin to that which his young players will experience when they run out at Twickenham tomorrow. Bowring is consciously building his own team - in his own image, as it were - unencumbered by the baggage of Welsh rugby history yet inspired by its reputation, however faded, for instinctive brilliance.

"Playing rugby handball rather than rugby football," teacher says. Yes, sir.

Questions of Sport



£40,000 to be won

Today is the final day of The Independent's Question of Sport game.

In Saturday's paper, there was a multi-choice scratch card which, if you answer three sporting questions correctly, gives you the chance of an instant cash prize from £1 to £1,000.

You don't have to be an obsessive fan to play - a good general sporting knowledge should suffice. But remember, you only get one chance to answer each question, so if you are in any doubt, check it out.

The card contains eight games so you can play daily through to today, Friday 2 February.

As well as the daily instant cash prizes there is a weekly accumulator prize of £5,000 to be won.

HOW TO PLAY

Today we are playing the section of the card dated Friday 2 February. Below are three sporting questions, each with three possible answers coded as A, B and C. Scratch off your answer to Question Twenty-two, either A, B or C in the Q22 column then repeat for Q23 and Q24.

THE QUESTIONS

Q22 Who is the reigning women's Olympic tennis champion?

- A: Steffi Graf
B: Monica Seles
C: Jennifer Capriati

Q23 Who are the men's hockey world champions?

- A: Germany
B: Pakistan
C: Australia

Q24 Who was the last golfer to win two majors in the same year?

- A: Greg Norman
B: Nick Price
C: Nick Faldo

IMPORTANT

Scratch off ONE letter only for each question. If you reveal three identical cash amounts on any one game section on any one day, you win that amount. After you have played the last game on your card, total the cash amounts you have revealed. If your total is £5,000 you win or share the £5,000 accumulator prize. You could also win today's instant prize of £100 by revealing an asterisk.

HOW TO CLAIM

If you have revealed three identical cash amounts of £5 or under, DO NOT PHONE. Take the claim coupon OR a piece of plain paper with your name and address on it PLUS the relevant section of the card to one of the newspapers listed below. For prizes over £5, phone 01254 683666 (Irish Republic 0044 1254 683666) between 10.30am and 4pm today. Participating newspapers: WH Smith, John Menzies, Forbuys, Martins/RS McColl, Dillons, Gibbos, Macs, Superprice, United News Shops, Star News, K Balfour, Eason, Gf News, Paperchain - Village Store, Paper Shop. If you have any difficulty redeeming your card and coupon for a prize send both to: Independent Questions Of Sport claims, PO Box 60, Burnley, BB10 1SH.

RULES

- No purchase necessary. Cards are freely available from newspapers or by sending a large size to: Independent Questions Of Sport Card Request, PO Box 41, Blackburn X, BB2 6AG. One card per request.
- The prizes for each game will be awarded to the player or players making a successful claim.
- All claims are subject to scrutiny and cards must be intact to be eligible for a prize. Cards with printing errors are void.
- Winners must agree to the publication of their names and photographs in The Independent and the Independent on Sunday.
- Should more prizes be claimed than are available in any prize category, for any reason, a simple draw will take place for the prize. Prizes under 16 years old, employees of Newspaper Publishing plc, Mirror Group, Europrom Promotions Ltd., Newspaper Publishing plc retail agents, their agents and families are not allowed to play.
- The Editors' decisions are final in all matters relating to the games. No correspondence can be entered into.
- Newspaper Publishing plc reserve the right to stop the game at any time and change the conditions.

QUESTIONS OF SPORT CLAIM COUPON

Friday 2 February 1996
To claim prizes up to £5

DO NOT PHONE

Take this coupon to any of the participating Newspapers listed who will give you your prize instantly.

NAME

ADDRESS

POSTCODE

TELEPHONE

To the Newsagent: Please check the card is correct and give the reader the value of their prize. Send this coupon or details supplied on plain paper together with the winning card to your head office for full redemption.

Twickenham kicks IRB ruling into touch

DAVID LLEWELLYN

Twickenham looks certain to ignore the International Rugby Football Board's contentious six-month residential qualification for foreign players.

Tony Hallett, the Rugby Football Union secretary, said: "We believe that putting a blanket 180 days on the movement of players between European Union countries is a restraint of trade, and would be unsustain-

able in law. We would be challenged very quickly if we sought to implement the IRB ruling."

The implication was that the ruling would apply even to movement of players among the four home unions, but as Hallett pointed out, it is a bit late. Northampton have been fielding two Scots - Gregor Townsend and Michael Dods - and an Irishman, Jonathan Bell, none of whom have been resident for the statutory period.

If the ruling were to be ap-

plied it would have to be done retrospectively, throwing Northampton's results into doubt.

"If we say it must not be applied retrospectively, then it sets a precedent," Hallett added. A London solicitor specialising in employment law said yesterday: "Such a ruling would be impossible to enforce after the Bosman case where it was established that anyone can play their trade under EU rules. Rugby is now a professional trade and cannot claim that it is a private

club any longer and therefore not governed by the ruling."

It is the approach that Saracens' millionaire backer, Nigel Wray, was looking for yesterday. He said: "I am not a lawyer but I cannot believe it can be upheld in law once a game is professional and people earn their living by it." Saracens have signed Australia's Michael Lynagh, who is due to arrive in May. Before that the Ireland flanker Eddie Harty is scheduled to make his debut on 30 March.

JUST THE TICKET: What's on where for the sporting spectator

This weekend

TODAY BATHMINGTON: Heavy Electric Scottish National at Chippings (Edinburgh). Sporting is free today and play starts at 6.30pm for qualifying in the men's singles event and the first two rounds of the mixed doubles. Tomorrow play starts from 8.30pm to 9.30pm. Admission: £1.50 adults, £1.00 children. On Sunday the same event will be held at 10.30pm. Admission: £1.50 adults, £1.00 children. On Sunday the same event will be held at 10.30pm. Admission: £1.50 adults, £1.00 children.

TOMORROW FOOTBALL: FA Cup First Round, Exeter City v. Plymouth Argyle (12.30), Exeter City v. Plymouth Argyle (12.30), Exeter City v. Plymouth Argyle (12.30). Football: FA Cup First Round, Exeter City v. Plymouth Argyle (12.30), Exeter City v. Plymouth Argyle (12.30), Exeter City v. Plymouth Argyle (12.30).

ATLETICS: AAU Indoor Championships (Birmingham). First event tomorrow starts at 11.15am. 10.45am on Sunday. Admission: £4 adults, £2 children. National Indoor Athletics Championships (Birmingham). First event tomorrow starts at 11.15am. 10.45am on Sunday. Admission: £4 adults, £2 children.

CYCLING: Jack Nicholls Memorial League (Manchester). Manchester, London, Edinburgh, Cardiff and Birmingham complete, starting at 7pm. Admission: £4 adults, £2 children. Cycles: Jack Nicholls Memorial League (Manchester). Manchester, London, Edinburgh, Cardiff and Birmingham complete, starting at 7pm. Admission: £4 adults, £2 children.

GYMNASTICS: British Rhythmic Group Championships (Birmingham). The group exercises are the most spectacular display in rhythmic gymnastics. A sport which makes its Olympic debut in Athens this August. Competition starts at 2pm. Admission: £3 adults, £1.50 children. Leslee Centre, Hinxton, Lincolnshire.

MOTOR RACING: Performance and Motorists Show (Sheffield). The fourth stage of the show features the latest technology from Formula 1 to single seater, national and international racing. Great chance to see the latest developments in special displays. New this year is the special display on which the latest developments in special displays. New this year is the special display on which the latest developments in special displays.

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PICK OF THE DAY

Sunday Snooker
Benson and Hedges Masters
Wembley

The Benson and Hedges Masters, which starts on Sunday at the Wembley Conference and Exhibition Centre, is the oldest established tournament in the snooker calendar. Though not a ranking tournament on the professional circuit, it still features

towards the city centre. (Tel: 0114 256 5656).

SUNDAY

FOOTBALL: FA Cup First Round, Exeter City v. Plymouth Argyle (12.30), Exeter City v. Plymouth Argyle (12.30), Exeter City v. Plymouth Argyle (12.30).

ATLETICS: AAU Indoor Championships (Birmingham). First event tomorrow starts at 11.15am. 10.45am on Sunday. Admission: £4 adults, £2 children.

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Plan ahead

It is almost seven years since Frank Bruno met Mike Tyson in the ring. On Saturday 16 March the fight will be on at the MGM Grand Garden Arena in Las Vegas, where Bruno defends his World Boxing Council heavyweight title against the 29-year-old Brooklyn brawler.

Tickets can be purchased direct from the MGM Grand or Ticketmaster in Las Vegas or from British tour operators. Mr Thomas Cook, who are operating trips to the fight, though Kura Travel, of Dorset, has only a few places left in its package. The Convention and Visitors Centre in Las Vegas can assist with accommodation for travellers making their own arrangements over flights.

World Boxing Council Heavyweight Championship: Frank Bruno (GB) holds vs Mike Tyson (USA). 16 March. Las Vegas, Nevada. MGM Grand, 3780 Las Vegas Boulevard South. Las Vegas. Tickets: £22.00. (Tel: 01 702 891 3760). Remaining tickets: \$500 (£340), \$800 (£560), \$1,000 (£700).

Teletext: Las Vegas: 001 702 474 4000. Las Vegas Convention and Visitors Centre, 3150 Paradise Road, Las Vegas, Nevada 89109. (Tel: 00 1 702 891 0111).

Thomas Cook Bookings: on 01723 335533. Three-night package, departing 14 or 15 March, at £499 per person in twin room, six nights (13-19 March) start at £599. Night Travel 020305 744777. 14-18 March. £320 (three night package), £350 (middle four), £540 (four night package).

US Airways: 0181 559 2020. Return flight: £295 (one), £320 (two), return accommodation from £35 per night.

Details of forthcoming events with information on tickets and venues should be sent to: The Sports Desk, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL. Fax: 0171 293 2894.

Compiled by Paul Maher

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to Steve Bale
ation

still enjoy it," he confesses. He is also fascinated to know Fantasy League has changed fans' perceptions of other sides. "You start to see good in other teams. I like to feel that I am massively unfair to other sides, and can't see any good in them. But Fantasy League makes you appreciate Spurs' midfield, or United's back four. I think that's awful!"

An ardent Arsenal fan, he is having a bad Fantasy League season after winning in its first year. "I chose my squad – Bergkamp, Platt, Beresford – with my heart rather than my head," he admits. So maybe Graham Down, from the Where Is Bobby Mims Now? League, would prefer to hang on his day job in a bank, and avoid the hassles of media scrutiny, fans' displeasure and petulant players. And anyway, you'd never get the chance to win a repro Bob Stokoe hat as England manager. Fantasy League can be contacted on:

Broncos release unsettled Hauff

London Broncos have released their former Australian full-back, Paul Hauff, because he has failed to settle in England. Hauff, who also played for the Brisbane Broncos and Queensland, was seen as one of London's key players for the Super League.

"He has become unhappy here and has asked for his release and we have granted it," said the club's chairman, Barry Maranta. By way of consolation, they have the Sydney Tigers full-back, Greg Barwick, due to arrive before the start of the Super League, along with the Brisbane forward, Gavin Allen, and Parramatta's Tulson Toltelt.

The acquisitive Bradford Bulls are set to sign the 26-year-old utility player James Lowes from Leeds, who have been warned by St Helens - along with other clubs - that they would be wasting their time trying to prise away Bobbie Goulding. "He is on a four-year contract and is not going anywhere," the Saints' chief executive, David Howes, said.

The brewers, Stones, who have sponsored the game for a decade, have agreed a three-year deal worth £1.7m to sponsor the Super League. The end of the season playoffs, famously known as the Stones Premiership, will now become the Stones Cup Final, a rechristening that will do nothing to calm fears that the Sixt Cup Challenge Cup is being downgraded.

be sustained," Ferguson, who had sought the judicial review, now faces Southampton this weekend knowing he can play a full part in what is left of Everton's season and in Scotland's build-up to the European Championship - provided he avoids further trouble.

Newcastle yesterday broke their silence over Faustino Asprilla, the Colombian striker for whom they have offered Parma £6.7m. Nearly a week after As-

free transfer to Tottenham in the wake of the Bosman ruling. Kirsten, whose contract expires this summer, said he had received approaches from Spurs and the Spanish club, Tenerife.

Marcus Stewart, the Bristol Rovers striker, who also becomes a free agent in the close season, has turned down a new contract. Birmingham have offered £1m for Stewart, and also hope to sign the Peterborough centre-back Gary Breen once the Second Division club are out of the FA Cup. Martin O'Neill, the Leicester manager, plans to make Neil Lennon, the Crewe midfielder, his first major signing in a £500,000 deal.

At the other end of Essex from Collier Row, Wivenhoe Town meet another fancied side, Mangotsfield United, from Bristol. The strongest Essex challenge, however, may come from Canvey Island, who took Brighton to a replay in the first round of the FA Cup. Their tie away to Thamesmead Town will be played on Sunday (3pm) at Slade Green FC, as Thamesmead's Bayliss Avenue ground has been deemed inadequate for the anticipated large crowd.

Ian Woosnam had an eagle at the final hole to finish the first round of the Heineken Classic in Perth, Western Australia, on 69, leaving him three shots behind the leaders. Wayne Smith of Australia and New Zealand's Greg Turner.

The Welshman, fresh from his victory in the Johnnie Walker Classic in Singapore on Sunday, improved by 12 shots on his opening round here two years ago, when he missed the cut.

Englishmen Mark Davis and Gary Evans and Scotland's Adam Hunter all shot 68s, with Ireland's Paul McGinley, the English pair Jonathon Lomas and Steven Bottomley and another Welshman, Mark Litton, all joining Woosnam on 69.

Smith's six-under-par round of 66 included seven birdies and one bogey — a feat matched by Turner later in a day of fierce heat.

Greg Norman laboured to a one-over-par 73 while the Open champion, John Daly, ignored the temptation to unleash his driver on his way to a composed 71.

[illegible]

The dollars (£405,000) that the singles winners of the 1996 US Open tennis championships will take home – \$25,000 more than Andre Agassi and Steffi Graf did last year.

Greg Wormald's failed attempt to win the European middleweight title in Birmingham ended in tragedy on Wednesday night with the death of his chief second and trainer, Peter McEllhinney.

McEllhinney collapsed at ringside and, after drawing attention from doctors and paramedics at the Aston Villa Leisure Centre, was taken to the City Hospital.

"Mr McEllhinney collapsed at the bout by the side of the ring and attempts to resuscitate him were made there," the hospital's accident and emergency consultant, Gary Ward, said.

"He was brought to us for further attempts to resuscitate him but I am afraid he died at this hospital. He had a cardiac arrest, but we do not know the cause."

Mr Ward said McEllhiney, who like Wormald is from Rochdale, was pronounced dead at 10.45 p.m. His next of kin have been informed.

Wormald, 30, was stopped in the 10th round after being floored by the champion, Richie Woodhall, for a fifth time.

"It didn't upset my fighting, because I just didn't realise what had happened," Wormald said. "I just thought Peter had fallen over and hit his head. I came back to the dressing-room and I was told what had happened."

As the World Boxing Council's No 1 contender, Woodhall could wait for his next fight until June's world title bout against the Texan holder, Quincy Taylor. But the 27-year-old may make a voluntary defence of the European title next month or in April.

The Great Britain team manager, David Whittle, has described claims that he was approached to fix a match during the Olympic qualifying tournament that finished in Barcelona on Sunday as "absolute nonsense".

Canada, who failed to qualify, have lodged an official complaint with the International Hockey Federation over the match between India and Malaysia. The game finished goalless, earning Malaysia the point they needed to win a place in Atlanta at Canada's expense.

A Canadian official, Donald Patterson, who has demanded an *official inquiry*, claimed the Malaysians had earlier attempted to persuade the British

Football

BORD BANS LEAGUE OF IRELAND Premier Division to start at 7pm on Sunday (7.45).

SUNSET SUNSEAL COUNTY LEAGUE First Division: Strathmore v Southwick (7.45).

Rugby Union

INTERNATIONAL: Scotland v France (2.30) (at Ayreside, Edinburgh).

UNDER-21 INTERNATIONAL: Scotland v France (6.45) (at Ayreside, Edinburgh).

CORR MATCHES: Lanark v New South Wales (7.35) (at Corrie, Glasgow).

COMPENSATIVE MATCHES: England Universities v Welsh Students (2.30) (at Richmond); England Students v Wales Students (7.0) (at Richmond).

GRU TERNENT'S CHAMPIONSHIP Regional League West: Glasgow Southern v Kilmarock (7.30).

OTHER MATCHES: Abernethy v Glams (7.0); Celtic v Western Park (7.30); Bedford v Seaburn (8.0).

Cambridge University v sides
Tredgoder (7.0); Gloucester
Eastern Coventry (7.15); Llan-
dud y Brenin v South Wales
United v Bristol (7.0); Richmond
(7.30); Southend United v Nor-
wich v Bath (7.0); Teacody
Wessex v Bridgend (7.30);
ad-Pontes v Melfort (7.15);
0.0; Newport v Cardiff (7.0);
(7.0); Musselburgh v Dun-

jokingly said it would suit both teams if there was a draw," Whittle said. "I told him that, after drawing four games out of five in Barcelona, my boys would be going flat out for a win.

"I am not aware that anyone other than our captain, Jason Laslett, exchanged words with the Malaysians and he has told me that no offers or suggestions were made regarding the result."

Britain went on to win the match 3-2.

Basketball

NBA All-Star Game 1970 Atlanta ABA: Boston 131 Vancouver 96; Cleveland 84 Toronto 77; Utah 98 Portland 94; San Antonio 115 LA Clippers 106.

Baseball

Joe Bugner, the former European, American champion and British heavyweight wrestler, tackles the second night of his latest comeback when he faces American, Wes Turner, over 10 rounds at the Perth Sports Centre. Bugner was 45, fought for the first time in eight years, in September last year when he outpointed Vietnamese Cwif to win the Australian heavyweight title.

Boxing

Wes Turner, 45, professional boxer, 12-2 (12 wins), 12-2 (12 wins) defeated Tim Wootell (English, 12-2) at D Warrall (Preston) of 10th.

Football

Hears and Fallick have ended six months of deadlock by agreeing undiscussed compensation over Jim Jeffries, who has been named as left back for Tyneside in August.

Kevin Pilkington, the No 3 Manchester United goalkeeper, has joined Third Division Rotherham on a month's loan.

QPR winger Andy Impey, has signed a new two-year contract with the club at the club until 1998.

TRANSFERS: Nigel Snelley (goalkeeper) Aston Villa to West Bromwich Albion; James McCosk (forward) West Bromwich Albion to Cardiff City; Alan Hargrove (defender) Luton Town to Walsley; David Garsdale (forward) Sparta Prague to West Ham.

FA MEMBERSHIP RECORDS: First second league football season in 1970-71.

LEAGUE OF WOMENS: Postponed: Liverpool v Aston Villa.

PONTINS LEAGUE first Division: Postponed: West Bromwich v Liverpool.

[illegible]

Manchester City, African Republic's top league, has been crowned champion for the 1985-86 season. The 1985-86 season was the first season in which the league was played in a single round-robin format. The 1985-86 season was the first season in which the league was played in a single round-robin format. The 1985-86 season was the first season in which the league was played in a single round-robin format.

[illegible]

Report	Comments (Lower)	Classifications (Upper)
AUSTRIA		
Stahlsdorf	hard	picked hard
Niedersdorf	closed	
Solden	pottery	picked
FRANCE		
Serre Chevalier	powdery	powdery
Isola 2000	packed	powdery
Les Archa	fair	packed
ITALY		
Ungino	packed	powdery
Chimbergo	good	powdery
Macigno	fresh	powdery
SWITZERLAND		
Champéry	closed	picked
Neander	closed	compact
NORTH AMERICA		
Beaver Creek	packed	powder
Lake Louise	packed	powder

Sneaker
REGAL WELSH OPEN (Wales) Quarter-finals
D Harold (eng) out of D Morgan (Wel) 5-2.

Squash
Senior Pairs, Yorkshire's former world number one champion is undergoing chemotherapy after having an operation to remove a testicular tumour in early January. The 23-year-old, who is now based in Nottingham, led England to a first World Team Championship in Casco last November, but had to withdraw from last month's British National Championships claiming to have suffered appendicitis at the start of January.

Tennis
Pete Sampras, who dropped from first to third in the ATP world rankings after losing last year's Wimbledon American Open, will make his debut in the Rotterdam world indoor tournament from 4-10 March.
WILLIAMS OPEN (Shanghai, China) Second round
L Timpano (usa) out of D Saporito (dfl) 5-6-6.

Percent open	Percent closed	Weather	Conditions
95%	28.1	clear	changing
65%	27.1	clear	changing
100%	37.3	clear	changing
99%	29.1	clear	cloudy
100%	29.1	clear	cloudy
80%	26.1	sunny	clear
100%	26.1	clear	clear
100%	26.1	cloudy	variable
95%	26.1	cloudy	cloudy
90%	27.1	clear	clear
75%	24.1	clear	clear
100%	31.1	snow	snow
95%	30.1	snow	snow

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FA suspend drug abuser for one year

Football

Roger Stanislaus, the first player to be caught using a performance-enhancing drug in two seasons of post-match tests, is likely to be sacked by Leyton Orient after being banned for 12 months by the Football Association yesterday.

The FA demonstrated its determination to be tough on drug abuse by imposing a suspension on the 27-year-old defender that is four months longer than its ban on Eric Cantona for kicking a fan. It is the toughest punishment imposed by the FA on a player for 30 years.

An FA spokesman, Steve Double, said: "The FA has a clear responsibility to protect other professionals from players under the influence of drugs. Players who use performance-enhancing drugs also cheat fellow professionals who do not use stimulants."

The decision was backed by Orient's chairman, Barry Hearn, and the players' union, who attended the three-hour disciplinary hearing.

Stanislaus did not comment on the outcome, but Hearn, the snooker and boxing promoter, said: "I am very disappointed by anyone [who uses drugs] and I am totally opposed, as the club is, to any form of drug use or abuse both in society and sport."

He added: "There will be an

emergency board meeting next Tuesday morning."

The club is likely to announce the action it will take against the player immediately after that meeting.

Brendan Batson, the assistant secretary of the PFA, supported Stanislaus but he also said: "There is no place for drugs in



Stanislaus: Social use claim

football. This is a serious case and is reflected in the punishment." Stanislaus, a former apprentice at Arsenal, was suspended by Orient when the club heard the result of a random test following a 3-0 defeat at Barnet in a Third Division match on 25 November.

He is not the first player caught using drugs. Last season there were 12 positive results from 272 tests, but all were either the result of taking medi-

cation or social abuse of drugs. Stanislaus is the first accused of using drugs to boost performance.

He told the three-man commission that he took cocaine socially on the Thursday before the game. However, medical evidence was presented that if he had used the drug on the Thursday it would have taken a fatal dose to produce the results that showed up after the game.

The FA explained in a statement that Dr David Cowan, the director of the Drugs Control Centre at King's College, Chelsea, had told the disciplinary panel the test result was consistent with a typical dose of cocaine being taken between one and six hours prior to the test sample being produced at 6.40pm on the day of the game.

"Dr Cowan gave uncontroverted evidence that in order to produce the results obtained on Saturday, he [Stanislaus] would have to have taken a lethal dose of more than a kilogramme of cocaine," the statement said.

On the basis of that evidence, the FA decided the drug had been used to enhance performance, so there was no question of the sort of leniency shown to Paul Merson and Chris Armstrong, who were given education and rehabilitation.

Of last season's failures, eight were for cannabis, two innocently-taken cold cures and two cases of amphetamines.

No monkeying around as Jones' nap is streets ahead



Daydream believers: a victorious Davy Jones (far right) and his daughter, Sarah, flank Dignast yesterday

Photograph: Phil Smith/Sporting Life

They rubbed their eyes at Lingfield's all-weather racecourse yesterday and became daydream believers.

Out of the sunshine and into the winners' enclosure rode a boyish figure memorable to many despite his 50 years. This was the bloke who was once Ena Sharples' grandson in *Coronation Street*, the Mancunian who once fronted the musical beach bums called The Monkees. This was Davy Jones.

On a different type of sand, the one-time Newmarket stable worker (who

presumably fed his charges with hey, hey) proved he had to rely on only a four-legged friend to make his name.

The unkid had suggested he was carried by either his fellow Monkee troopers (Mickey Dolenz, Mike "Woolhat" Nesmith and Peter Tork) or studio musicians during his recording career. Yesterday the sole carrier was a six-year-

old chestnut gelding wearing blinkers by the name of Dignast, a birthday gift from his daughter, Sarah.

Jones has been through a lot in his life, especially borders. While he is not riding out at the Bognor Regis stable of yesterday's victory-supplying trainer, Roland O'Sullivan, he is still on the road abroad with the reconstructed Monkees.

He has also appeared in a rather surreal movie called *Head* with Victor Mature, but all this paled in comparison with success in the £2,968 (and 35p) Ontario Amateur Riders' Handicap (Class E).

"That's show business," he said on dismounting after success in the final race. "That was one of the greatest thrills of my life."

And then the crowd drifted away. It was time for the last train to Victoria.

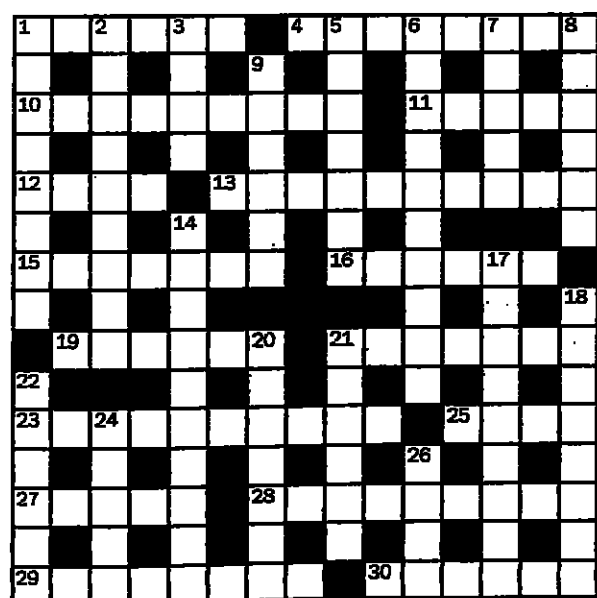
THE INDEPENDENT CROSSWORD in association with



No.2899, Friday 2 February

By Phil

Thursday's Solution



TRACERY SAPIENT
A R E A H I L L
G A M B E R I O
O T M E R A C H O R
I R I S H S M E L
N O N C E
C R S T T L
S C E N E M A C H I N E R Y
A F E
I N O R G A N I C F R A N C
N D L O T O
D O D G E S U P P O R T E R
E B E T H F R Y
P H A R M A C I A N
T H E T N E C
H O L I D A Y V A N G U A R D
I

3 Malevolence as it happens will turn up (4)
5 Soundrel, about to be in France, makes to turn back (7)
6 Science initially felt different - something discovered on one's own? (4-6)
7 Refuse to accept one great thinker (5)
8 Women closer to power? 1 take the glory (6)
9 Longing to remove father? (6)
14 Soldiers - splendid soldiers taking time to show class (10)
17 I don't believe in the soul - I must be protected by a talisman possibly (9)
18 Cheers elevated delicate participant? (8)
20 Arab region making them cross (7)
21 Girl a male almost was sick over (6)
22 Pottery town right to supply furnaces (6)
24 Tipped her in the river (5)
26 Row? It upset the Queen (4)

ACROSS

- 1 Show film to vet? (6)
- 4 Weapon with flaming front part? (5-3)
- 10 Inattentive about money (but not spending it on alcohol!) (9)
- 11 Incline to take in one of the staples of education? (5)
- 12 Student with attitude for study? (4)
- 13 Dabbling? One permitted it in post (10)
- 15 Variation in Messian in completely Oriental? (7)
- 16 Tropical bird - trace tallest one (6)
- 19 Live on edge? (6)
- 21 One who doesn't believe a robbery will secure it (7)
- 23 Derides the playing - no football match was ever like this! (5-5)
- 25 Relax - stop jetisoning leader (4)
- 27 Cutter repelled squid's assault with iron (5)
- 28 Bitter, twisted CIA longed to apprehend one female (9)
- 29 19th century scientist gets regular payment with information about oxygen (8)
- 30 One boxing ring? (6)
- DOWN
- 1 Smooth water left in a disturbed state (8)
- 2 Decline that is surrounding guy? Activate the college bart (9)

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Carling returns to pragmatic line

Rugby Union

STEVE BALE

It has taken Will Carling one match - the defeat in France - for him to decide that, after all, he prefers winning to artistic content. After going to Paris declaring style to be paramount, by yesterday the England captain had changed his mind for tomorrow's game against Wales at Twickenham.

Thursday has come by tradition to be Carling day during international weeks though, after all this time, 56 matches as captain over seven years and three months, both questions and answers are starting to run out. Each Carling briefing is now ritually preceded by

the insistence that his interlocutors stick to rugby rather than gossip.

So, yet again, style or substance, substance or style? What would Twickenham's 78,000 prefer in the new era of professional rugby as an entertainment?

"I would like to provide the crowd with a win: that's what they enjoy," Carling said. "I am of the firm belief, and always have been, that people go to Twickenham to see us win. I love running rugby, that's what we want to play, but more than anything I want to win."

There is a contradiction here with Carling's remarks 15 days earlier, on the eve of England's departure for Paris, when he said: "Our style of

play is more important, if we are to be consistently successful against the southern hemisphere, than just focusing everything on winning another Grand Slam. If that was the case, we would have picked a different side."

How Carling knows that the choice would have differed is an intriguing subject, since yesterday he disclosed for the first time that since Jack Rowell had become England manager in 1994 the captain had not been involved in selection.

This demonstrates both how uncomfortably close Carling was to Rowell's predecessor, Geoff Cooke, and how comparatively distant he is from Rowell, who insisted that Carling was always consulted - as

indeed was Ben Clarke, the pack leader.

Where Rowell had insisted on Wednesday that it was time for the senior lieutenants to assist the captain by pulling their weight on the field, Carling himself did not see it that way 24 hours later. "Responsibility is with the whole of the team," he asserted, though, after the looseness with which England conceded defeat to France, Rowell had a fair point.

"We've had this discussion so many times," Carling sighed. "You can analyse why games are lost to the nth degree. Sure, there were some wrong decisions, but there were far more right ones. People will always make mistakes and I'm not one for dwelling on them."

I'm not pointing any fingers at anyone."

This is very decent of Carling, who ventures to suggest that this England team could ultimately emulate the rugby of the 1992 team, whose Grand Slam came accompanied by 15 tries. "You get that through confidence, through a very stable side who've been together for a very long period," he said.

"It comes from a tremendous bond in the players, a trust and knowledge of what you are trying to do. You can't just throw that together, but I believe this side, with a bit of luck and experience, will be able to play very exciting rugby too. Which is roughly what the Welsh are saying about their team, too."

Sri Lanka's role as host in the balance

Cricket

DAVID LLEWELLYN

Sri Lanka's role as co-hosts of the World Cup hung in the balance last night after the organisers said they are to review security arrangements and the International Cricket Council (ICC) announced that it is to monitor the situation over the next two or three days, following Wednesday's bomb blast which ripped through the capital, Colombo, and left at least 72 dead and hundreds more seriously injured.

In a statement issued yesterday, the ICC chief executive, David Richards, said: "The explosion in Colombo... is obviously a matter of concern to all

countries competing in the World Cup. I have spoken this morning to Mr Dalmyia, the convenor-secretary of Plocom [the World Cup organising committee] who has given an assurance that an assessment of the position will be carried out over the next two to three days."

Already two of New Zealand's top rugby provinces, Otago and Auckland, have cancelled two exhibition matches which were due to be played in Colombo on 8 and 11 February. That has not deterred Leicestershire who are planning to prepare for their County

Championship campaign with a nine-day tour against top Sri Lankan opposition next month. Chief executive Tony Norman said: "Unless we get advice to the contrary the tour is still on. There has been trouble for some years now but most of that has been in the north and we will be avoiding that district."

Australia's Department of Foreign Affairs issued a warning to all its nationals to defer all non-essential travel. While it may be debatable as to how essential a one-day tournament held every four years may be when compared with this week's

indiscriminate carnage in the country, Graham Halbish, chief executive of the Australian Cricket Board, did say last night: "I expect every player will attend the training camp in Brisbane early next week and we'll talk further there. But if any individual player feels that he is not able to make the tour, then that decision will be respected."

It has been suggested by one player that Australia may forfeit their World Cup opening match against Sri Lanka in the capital on 17 February. The pace bowler Craig McDermott, one of a number of play-

ers to have received a death threat from Sri Lanka following an ill-tempered Test series in Australia added: "Maybe it puts all games in Colombo in jeopardy."

Zimbabwe and the West Indies are also concerned. Zimbabwe spokesman said: "I am not sure that we would forfeit... The one alternative that comes to mind is to maybe ask for... a contingency plan for an alternative venue."

England do not have a match in Sri Lanka but the Test and County Cricket Board is staying in touch with the Foreign Office, which will also be advising the West Indies. The Sri Lankan cricket board insisted last night that everything was going ahead.

A WRITER



The MALT



The MACALLAN

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PROMISE BARLEY TO END
WITH THE SINGULARLY SMOOTH
PRIZE-WINNING TASTE
MAKES IT The MALT

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